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WAR BOND GOVERNMENT NEWSPAPER ADVER-
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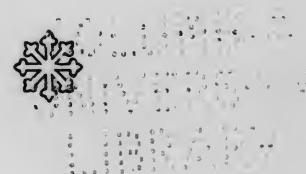
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WAR BOND GOVERNMENT NEWSPAPER ADVERTISING

HEARINGS
BEFORE THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
SEVENTY-EIGHTH CONGRESS
FIRST SESSION
ON
H. R. 2684, H. R. 3693, and S. 1457
BILLS TO AID IN THE STABILIZATION PROGRAM
AND THE WAR EFFORT BY PAID NEWSPAPER
ADVERTISING IN CONNECTION WITH
THE SALE OF UNITED STATES BONDS,
AND FOR OTHER PURPOSES

REVISED
FRIDAY AND SATURDAY, DECEMBER 3 AND 4, 1943

Printed for the use of the Committee on Ways and Means



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

Business

D253

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III

WAR BOND GOVERNMENT NEWSPAPER ADVERTISING

DECEMBER 3, 1943

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

The committee met at 10 a. m., pursuant to notice, the Honorable Robert L. Doughton (chairman) presiding.

THE CHAIRMAN. The committee will be in order. I am sure I express the feeling of the entire membership of the committee when I welcome our new member, Mr. Eberharter, who succeeds Mr. McGranery. We are very glad to have him as a member of our committee.

The meeting this morning is for the purpose of conducting a hearing on three bills before the committee. They seem to have the same purpose. One is S. 1457, and the other two, H. R. 2684 and 3693, were introduced by Mr. Cannon, chairman of the Committee on Appropriations.

The heading of S. 1457 reads:

To aid in the stabilization program and the war effort by paid newspaper advertising in connection with the sale of United States bonds, and for other purposes.

They all have the same heading. I suppose they are about the same in intent.

(The bills are as follows:)

[S. 1457, 78th Cong., 1st sess.]

AN ACT To aid in the stabilization program and the war effort by paid newspaper advertising in connection with the sale of United States bonds, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to provide for the more effective use of idle currency in aid of the stabilization program and the war effort, and in order to improve the credit structure by relieving the Federal Reserve banks and the various other members of the banking system of the United States of the necessity of purchasing additional vast amounts of United States bonds and other obligations, the Secretary of the Treasury is hereby authorized and directed to purchase and pay for during each fiscal year, beginning with the fiscal year ending June 30, 1945, not less than \$12,500,000 nor more than \$15,000,000, and during the remainder of the fiscal year ending June 30, 1944, a fractional portion of such amount based upon the number of months remaining in such fiscal year, of advertising space in newspapers published in the United States for the purpose of advertising the sale of War bonds of the United States, and for the publication in such newspapers as a part of such advertising, information, sales arguments, and appeals relating to, and promoting or encouraging such sales. The advertising space so purchased shall be divided equitably among all newspapers of general circulation which are entered as second-class matter under the Act of March 3, 1879, as amended: *Provided*, That the total amount made available during each fiscal year pursuant to this Act shall be expended for the purchase of such advertising space in daily, weekly, semiweekly, and tri-weekly newspapers published in cities, townships, towns, villages, and com-

munities of ten thousand population or less: *Provided further*, That weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, townships, and communities of ten thousand population or more shall be entitled to all the rights provided for herein for weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, townships, and communities of ten thousand population or less.

SEC. 2. The Secretary of the Treasury is authorized to prescribe such regulations consistent with the provisions of this Act as may be necessary to carry out the provisions of this Act.

SEC. 3. (a) In order to secure the best financial results for the United States consistent with such program, the Secretary of the Treasury shall, in cooperation with recognized existing nonprofit national newspaper publishers' associations to be designated by him (including one such association representing principally daily newspapers and one representing principally weekly newspapers), prepare newspaper advertisements and fairly distribute such advertisements to all newspapers in accordance with section 1 of this Act. In the distribution of such advertisements, the same aggregate amount of space shall be offered to all newspapers to be paid for at the prevailing published rate for the respective newspapers, with the same discounts, if any, available to the Government as are available to advertising agencies.

(b) In the administration of this Act there shall be no interference in any manner with the independence or freedom of any newspaper or its responsibility in serving its readers.

SEC. 4. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

SEC. 5. The authority conferred by this Act shall terminate six months after the cessation of hostilities in the present war as proclaimed by the President. Passed the Senate November 16 (legislative day, November 12), 1943.

Attest:

EDWIN A. HALSEY, Secretary.

[H. R. 2684, 78th Cong., 1st sess.]

A BILL To aid in the stabilization program and the war effort by paid newspaper advertising in connection with the sale of United States bonds, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to purchase and pay for during each fiscal year, beginning with the fiscal year ending June 30, 1943, not less than \$25,000,000 nor more than \$30,000,000 of advertising space in newspapers published in the United States for the purpose of advertising the sale of bonds, notes, and other obligations of the United States, and for the publication in such newspapers in connection with such advertising of information, sales arguments, and appeals relating to, and promoting or encouraging, such sales. The advertising space so purchased shall be divided equitably among newspapers of general circulation which are entered at second-class matter under the Act of March 3, 1879, as amended: *Provided*, That not less than one-half of the total amount made available during each fiscal year pursuant to this Act shall be expended for the purchase of such advertising space in weekly, semi-weekly, triweekly, and monthly newspapers.

SEC. 2. The Secretary of the Treasury is authorized to prescribe such regulations consistent with the provisions of section 3 as may be necessary to carry out the provisions of this Act.

SEC. 3. The Secretary of the Treasury shall, in cooperation with recognized existing publishers' associations to be designated by him (including one such association representing only daily newspapers, one representing only weekly newspapers, and one representing only newspaper advertising agencies), prescribe regulations for carrying out the newspaper advertising program herein provided for so as to—

- (a) secure the best financial results for the United States consistent with such program;
- (b) completely safeguard the freedom of the press;
- (c) fairly allocate advertisements to individual newspapers;
- (d) prepare material for submission to newspapers for use as advertisements;
- (e) avoid interference in any manner with the independence of any newspaper or its responsibility in serving its readers;

(f) keep the war finance campaign in all of its phases as nonpartisan as possible; and

(g) protect editors and publishers in their right to publish criticism of the policies or conduct of the Secretary of the Treasury or of any other public official whenever they determine that such criticism is justified.

SEC. 4. For the purpose of carrying out the advertising programs in their respective agencies, the Secretary of Agriculture, the War Food Administrator, the Price Administrator, and the Chairman of the War Manpower Commission may, with the consent of the Secretary of the Treasury and under the regulations prescribed by him pursuant to section 3, each spend for advertisements in newspapers such part of the total amount to be expended under this Act as the Secretary of the Treasury may approve.

SEC. 5. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

SEC. 6. The authority conferred by this Act shall terminate six months after the cessation of hostilities in the present war as proclaimed by the President.

[H. R. 3693, 78th Cong., 1st sess.]

A BILL To aid in the stabilization program and the war effort by paid newspaper advertising in connection with the sale of United States bonds, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to provide for the more effective use of idle currency in aid of the stabilization program and the war effort, and in order to improve the credit structure by relieving the Federal Reserve banks and the various other members of the banking system of the United States of the necessity of purchasing additional vast amounts of United States bonds and other obligations, the Secretary of the Treasury is hereby authorized and directed to purchase and pay for during each fiscal year, beginning with the fiscal year ending June 30, 1944, not less than \$25,000,000 nor more than \$30,000,000 of advertising space in newspapers published in the United States for the purpose of advertising the sale of bonds, notes, and other obligations of the United States, and for the publication in such newspapers as a part of such advertising, information, sales arguments, and appeals relating to, and promoting or encouraging, such sales. The advertising space so purchased shall be divided equitably among all newspapers of general circulation which are entered as second-class matter under the Act of March 3, 1879, as amended: *Provided*, That one-half of the total amount made available during each fiscal year pursuant to this Act shall be expended for the purchase of such advertising space in daily, weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, and communities of ten thousand population or less, and one-half of such amount shall be expended for the purchase of such advertising space in daily, weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, and communities of more than ten thousand population.

SEC. 2. The Secretary of the Treasury is authorized to prescribe such regulations consistent with the provisions of this Act as may be necessary to carry out the provisions of this Act.

SEC. 3. (a) In order to secure the best financial results for the United States consistent with such program, the Secretary of the Treasury shall, in cooperation with recognized existing nonprofit national newspaper publishers' associations to be designated by him (including one such association representing principally daily newspapers and one representing principally weekly newspapers), prepare newspaper advertisements and fairly distribute such advertisements to all newspapers in accordance with section 1 of this Act. In the distribution of such advertisements, the same space shall be offered to all newspapers to be paid for at the prevailing published rate for the respective newspapers.

(b) In the administration of this Act there shall be no interference in any manner with the independence or freedom of any newspaper or its responsibility in serving its readers.

SEC. 4. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

SEC. 5. The authority conferred by this Act shall terminate six months after the cessation of hostilities in the present war as proclaimed by the President.

The CHAIRMAN. I believe it will be proper for the committee to hold hearings on the subject matter contained in all the bills rather than any one bill. If the proponents here have anything to offer as to why one of the bills should receive primary consideration let us know it, otherwise the hearing will be conducted on the subject matter contained in the three bills.

Mr. GEARHART. Who is the first witness?

The CHAIRMAN. The first witness, as I understand, is Mr. Cannon.

Mr. COOPER. There is a printed calendar here.

The CHAIRMAN. Yes; but Mr. Cannon's name does not appear on it. I presume the proponents of the legislation will be heard first, and the first witness is Hon. Clarence Cannon, chairman of the Committee on Appropriations, who has two of the bills before the committee.

Mr. Chairman, will you please come around and as a mere matter of formality give your name, address, and your connections for the benefit of the record.

STATEMENT OF HON. CLARENCE CANNON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. CANNON. Mr. Chairman, my name is Clarence Cannon, a Representative from Missouri.

One of the major problems before the country today and before this committee is financing the war. It is a war of production. If we win this war we must win through production, and production is expensive. And the greatest sums of money must be raised to prosecute this war to a successful conclusion that have ever been raised by any nation at any time in the history of the world.

Now, Mr. Chairman, there are only two sources of money from which we can finance this war. One is taxation and the other is loans—borrowing—the sale of bonds. Under the ideal system we would raise half by taxation and half by bonds. But the Congress has decided, the House of Representatives at least, and I have no doubt the Senate will concur, in accordance with the recommendations of this great committee, that instead of raising \$10,500,000,000 as the Treasury recommended that we will raise only \$2,000,000,000 approximately by taxation.

Now, Mr. Chairman, that means that the rest of this money must be raised by the sale of bonds, and the Treasury today is faced with the greatest burden ever laid upon it when we ask them to go out and sell in this coming drive \$14,000,000,000 worth of bonds after three drives have seriously taxed the ability of the Treasury to raise the money.

In raising this money the Government must proceed as any other commercial organization would proceed. The Government must sell its bonds to the people as any private concern must sell them to the people; it must reach the people; it must convince them; it must educate them, and it must appeal to them. Now, there is only one effective method of doing that, and that is through the newspapers of the country, the same method used by every bond selling organization in every bond-selling campaign in the financial history of the country.

We propose then, Mr. Chairman, in the pending bill to provide this facility for education and for appeal for the sale of these bonds by the purchase of a minimum amount of advertising space in the newspapers.

There are one or two objections to it which I would like to discuss briefly before I yield the floor.

Only three objections have been offered to this proposition, Mr. Chairman. First, they say, "Why, it is a subsidy, and we do not propose to subsidize the newspapers." Mr. Chairman, it is not a subsidy. A subsidy is a gift, a gratuity, something for nothing. The only proposal here is that they pay for space in the newspapers, a regular commodity upon the market, just as they pay for everything else. The Government of the United States does not ask anybody to furnish anything free in this war except the newspapers. It pays for everything it gets from everybody else, and why should it not pay for what it gets from the newspapers in this essential and indispensable process of raising the money for this purpose. It is not a subsidy. It is a proposal to pay for what you get and to get what you pay for. Then the other excuse is offered that it would corrupt the newspapers, that they would sell their souls, that we buy them, and that they would be subject to political manipulation. Anyone, Mr. Chairman, who makes such an absurd statement as that has not read the bill and is not familiar with the proposition, because under this proposition space is bought from all newspapers of general circulation admitted as second-class mail. The administration, the Government, or any representative of the Government cannot pick out any paper and give it space, cannot indicate any paper and deny them space. Although it is not near the influence brought to bear upon a newspaper that there is by any advertising agency in the country because any advertisement in any newspaper in the Nation today can be placed or can be withdrawn at the will and at the whim of the advertiser. But in this instance under this bill space cannot be placed and space cannot be withdrawn from any newspaper that falls within the classification and any newspaper of any political faith or affiliation can accept or reject advertisements for any administration representing any political party and no one has any control of it. No one can exercise the least pressure upon any newspaper in the land under this bill.

Mr. Chairman, I have read the two letters which will be presented to the committee this morning, a letter from the Secretary of the Treasury, addressed to Chairman Byrd, of the Senate committee, of which the chairman and I are members, and the statement that is proposed to be issued by a representative of the Treasury here this morning. Mr. Chairman, these two letters are the most convincing arguments in favor of this bill that I have read. These two letters by representatives of the Treasury opposing this bill concede everything that we assert this morning. They tell you that this campaign must be put over, and they tell you that it cannot be put over without the newspapers. They concede it. That is in their statement that they must have space in the newspapers of the country if they expect to sell these bonds. On what ground, then, do they oppose purchase of that space? The only argument either one of them offers is that if they paid the newspapers they would have to pay the radio, and

if they paid the newspapers a legitimate price for a legitimate commodity, they would have to pay the motion pictures. Now, that is the only argument offered against this bill.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. CANNON. Here the statement is on this letter. You can read the statement through and you can read the letter through and boil it down, and in the last analysis that is the only argument they offer against this bill.

They do not say we do not need the space.

Mr. WOODRUFF. Would the gentleman yield?

Mr. CANNON. I yield to the gentleman.

Mr. WOODRUFF. Do you not believe, Mr. Cannon, that the next logical step for the Treasury Department to take is to walk into the grocery store, the meat markets, and other places where it is necessary to buy the necessities of life, and take the things off their shelves and walk out without paying for them? After all, is not the space in a newspaper the stock in trade for that newspaper?

Mr. CANNON. The gentleman has well and convincingly stated the proposition.

The Government does not go to the oil companies and demand that they supply oil for our airplanes and our tanks without pay. It does not go to the manufacturers of shoes and demand that they supply shoes for the Army without pay. It does not go to anybody in the United States and ask for anything needed to prosecute this war without paying for it and without paying a substantial price, and the largest prices that have even been paid for the essentials of war in the history of the world.

Mr. DEWEY. Will the gentleman yield?

Mr. CANNON. I yield to the gentleman.

Mr. DEWEY. I am a bit confused, Mr. Cannon, because I misunderstood and thought the newspapers were paid.

I have some figures here as regards the Third Loan drive which show that the linage inserted in the daily papers during the Third Loan drive amounted to 61,573,000 lines, and in the weekly papers were 67,976,000 lines, which had a value to the newspapers of \$8,639,000. The greater portion of that was paid by advertisers. The newspapers received their cash for their advertising. The newspapers did not donate much, but various industries and mercantile establishments offered to the Treasury their paid advertisements to advertise the Third Loan drive. So that the statement that the newspapers did something to the extent of \$8,639,000 gratis is not entirely correct because they were paid. It was the industry of the country which has loyally come forward and offered their advertising appropriations for the benefit of the Treasury to advertise the Third Loan drive.

I further understand that in the weekly linage of 67,976,000, which cost \$1,942,000, 87 percent of that was sponsored, and there was only 13 percent of that amount that was done free by the newspapers.

I think that the newspapers, particularly the great dailies and a great many of the weekly, triweekly, semiweekly and daily small newspapers are all receiving pay. The burden comes on the little shops, the little industries, and particularly the little stores and purveyors of goods which under rationing have difficulty and have noth-

ing to sell. They are forced to advertise and pay for advertising which they otherwise would not do at the present time.

It seems to me if there is going to be any subsidy—I feel there is a subsidy idea here—we ought to subsidize the little merchants and not the newspapers.

Mr. CANNON. Would the gentleman yield?

Mr. DEWEY. I yield.

Mr. CANNON. What is proposed in this bill for nothing?

Mr. DEWEY. You stated the newspapers were asked to do something for nothing. The newspapers received \$8,639,000 in the third drive for linage; somebody else paid for it.

Mr. CANNON. I am very glad the member brought that up because that is one of the vital considerations in the proposition. Not only were the newspapers asked to deliver free service in the sale of these bonds, but a certain and specific and limited class of businessmen in the country are asked to contribute gratis for this purpose.

Now, it is true that the great city dailies which are the beneficiaries of this full-page good-will advertisement which these huge firms like Ford Motor Co. and others, who have nothing in the world to sell, and who could not supply anything if you wanted to buy it, but who take great pages as they say to maintain their good will, but which they add in their income-tax account, and which the United States Government pays, aside from the men, especially in this country in the small weekly newspapers, to which the gentleman has referred, where the editor is expected to go up and down the street and say, "The Government has sent me a page, and it wants sponsors. Will you give so much, and will you give so much, and will you give so much?" Now, I ask you what editor wants to take a tin cup and go up and down the street week after week on these liberty drives and use his space because he never gets enough to pay him in full, and give his time and humiliate himself and embarrass himself and embarrass the men he must solicit. Any why should they be asked to make this contribution when all the rest of the taxpayers of the Nation go free?

Mr. REED. Will the gentleman yield?

Mr. CANNON. I yield to the gentleman.

Mr. REED. And the so-called big fellow can raise these items and simply carry those as deductions and as business expenses, can he not?

Mr. CANNON. He can. And those applies to cities of 25,000 or more. They do not touch the cities of less than 25,000, because that huge advertising campaign only goes into cities of 25,000 or more. It does not reach the smaller papers of the country which really reach the people. It does not reach 52 percent of the people we want to reach.

Mr. REED. Would the gentleman yield?

Mr. DEWEY. Would the gentleman yield?

Mr. CANNON. I yield to the gentleman from New York.

Mr. REED. As a matter of fact, throughout the farming and country districts in my State many persons cannot afford to take big expensive dailies, and they do not take them.

Mr. CANNON. That is true.

Mr. REED. They depend upon the weekly paper for their news.
 Mr. CANNON. That is true. Another thing, a man who takes a daily paper it goes into the wastebasket like last year's almanac, but a weekly paper is retained for weeks and months, and sometimes complete records are kept of them. By putting it into the weekly paper you not only reach the family in the home, but you reach the majority of the people in the home.

Mr. ROBERTSON. Will the gentleman yield?

Mr. GEARHART. Will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Virginia.

Mr. GEARHART. When these war contractors—

Mr. ROBERTSON. I thought he yielded to me.

The CHAIRMAN. I will call on you next, Mr. Robertson.

Mr. GEARHART. When a war contractor buys space in a newspaper even though he has nothing to sell to the public, he is allowed, nevertheless, to deduct it as an income-tax expense in connection with his business. Such expenditures are anticipated when the contract is written, are they not; that they would be added as additional items in the contract? As a matter of fact the Government is paying for that advertisement; is that not true?

Mr. CANNON. The Government loses it when it collects its income tax, and the Government is paying for it and paying for a very ineffective service. But if you adopt this bill you will pay for it in an orderly, stabilized, business way, and you get a unified appeal to the entire country over the signature of the Government itself. It costs the Government less money and it gets better service.

Mr. GEARHART. In other words, if your bill is adopted you will be doing directly just what the Government is doing now indirectly to a large degree?

Mr. CANNON. Exactly, and at much less expense and much more effectively, because it is indicated under this bill the cost of bonds would be only 0.15 of 100 percent, and no bond company in this country ever wrote a bond issue at so small a cost.

The CHAIRMAN. Mr. Robertson.

Mr. ROBERTSON. Mr. Cannon, in your opinion does the amendment to the Bankhead bill, originally known as the Cannon bill, make that bill a consumer subsidy for papers in towns of less than 10,000?

Mr. CANNON. I did not understand the gentleman's question, please.

Mr. ROBERTSON. Does the Senate amendment to the Bankhead bill, which I believe was substantially the same as the Cannon bill, make what is left of the Bankhead bill in effect a consumer subsidy for papers in towns of less than 10,000?

Mr. CANNON. The bill nowhere in any way in any respect provides a subsidy for anybody. The bill before you does not contain that amendment, because we think that it should apply to every paper in the United States, both those above 10,000 and those under 10,000. The Senate bill limited it to those under 10,000.

Mr. ROBERTSON. Is not the Senate bill now before us that was passed by the Senate?

Mr. CANNON. The Senate limited it to newspapers published in towns of less than 10,000 population.

Mr. ROBERTSON. Now, as to these small papers that have been enjoying the benefit of a certain amount of sponsored advertising I know it is true in Virginia, and I assume it is true in Missouri and possibly

all the other States that these small newspapers have donated free and for nothing far more space to these bond drives than the paid sponsored advertisements amounted to?

Mr. CANNON. That is absolutely true. That is absolutely true, and even the sponsored advertising is running out; the well is running dry. Businessmen's sales resistances are increasing. Businessmen will say, "Why should we contribute when nobody else contributes?" It is becoming increasingly difficult to get even these sponsored advertisements.

Mr. ROBERTSON. One other question. I as yet have had no opportunity to study your bill. I intend to, of course, before I vote. But does your bill put this advertising program on a straight business and commercial basis handled through regular advertising mediums and channels that ordinary newspaper advertising is handled through, and to be paid for according to established newspaper rates?

Mr. CANNON. Exactly. It adopts a business method to handle a business proposition, and it will get business results.

Mr. ROBERTSON. One other question. Is it true that the Army and Navy are now paying for advertising being run to stimulate enlistment in the WAC's, WAVES, and Marine Corps and other organizations whose personnel is secured primarily from recruiting?

Mr. CANNON. That is true. And every one of those advertisements is a testimonial to the need for this bill, and a testimonial of the efficacy of the method provided in this bill.

Mr. MALONEY. Will the gentleman yield?

Mr. ROBERTSON. I am through.

The CHAIRMAN. Mr. Maloney.

Mr. MALONEY. Mr. Cannon, as I understand from what you said a while ago you believe the Government should pay for services that they are obtaining in the selling of bonds?

Mr. CANNON. Just as they pay for every other service and all other commodities.

Mr. MALONEY. Do you know—I am sure you do know—that thousands and tens of thousands of people are giving their time in selling bonds? You know that; do you not? I know in my State there is an organization composed of 5,000 men and women going around selling bonds, making speeches to school children, and going in industry. Each county or parish down there has an organization. Now, if you give these little papers payment for the little services they are rendering do you think these organizations of men and women leaving their business and giving their time should also be paid?

Mr. CANNON. Oh, but the gentleman does not reach the bottom of the matter. Everybody in this country is giving all of their time they can, but these gentlemen to whom the gentlemen of the House refers are not giving any commodities. They are not giving anything out of their stores. They are not giving anything out of their banks. They are not giving anything out of their shops. They are charging the Government. These men to whom the gentlemen refers, who are patriotically going before the country and giving of their time, when it comes down to money, when it comes down to goods; when it comes down to commodities they make the United States Government pay a good price for everything it gets.

Now, Mr. Chairman, I don't want to take too much time, but I want to revert to the two letters.

Mr. MALONEY. Mr. Chairman, I am not satisfied with the answer I have received.

Mr. CANNON. Yes, sir.

Mr. MALONEY. When you say these men are not giving commodities I do not know what is more important to them than their time from their business, and I do not know what is more important to a lawyer than to take his time away from his business.

Mr. CANNON. That is an obligation upon every man to give what time he can, but we do not want to ask any man to go into his storehouse and give of his commodities. But that is what you are asking of these men who go up and down the street. You are asking them to give the one thing upon which they depend for existence, and you do not ask that of anybody else, and nobody else is giving it.

Mr. MALONEY. It is entirely optional whether they give it or not. I have been an administrator selling bonds in Louisiana for a year.

Mr. CANNON. May I ask what the gentlemen's business is?

Mr. MALONEY. I am a Congressman right now.

Mr. CANNON. What was it before?

Mr. MALONEY. I used to be in trucking and warehousing.

Mr. CANNON. Yes; but you never gave the Government the use of your trucks?

Mr. MALONEY. Yes, sir; to go out bond selling.

Mr. CANNON. And you never—

Mr. MALONEY (interposing). Not only that, but we had men from other businesses go around and take trucks to sell bonds. I do not think the newspapers are going to tell them anything. I can say this from my experience in a little country town that the merchants are only too glad to do this work, and they give advertisements to the little newspapers. I say in my State the little newspapers benefited by this bond selling. If we start paying now let's put it on a business basis and pay everybody. When you start this paying newspapers then pay the radio and pay the people who are sent out and taken away from their vocations to sell these bonds. They are entitled to it. We have a committee in our town. They do not get anything.

Now, you come in and say, "Let's pay the newspapers so much." I think you are making a mistake.

Mr. CANNON. The gentleman makes an entirely erroneous classification. We ask every American to give of his time and interest to the war, and every loyal American citizen is donating it. But we do not want to ask any man to give from his store or from his shop or from his plant goods and commodities. We do not ask it of anybody except the newspaper. And that is all the newspaper has to sell, and upon the sale of it depends his ability to keep his paper going, to buy his paper stock and pay the help.

Mr. REED. Will the gentleman yield?

Mr. CANNON. I yield to the gentleman.

Mr. REED. It might possibly do this. Every locality furnishes a certain number of soldiers and all have to have uniforms and equipment; you might go around and ask the merchants to buy uniforms for the local boys.

Mr. CANNON. Certainly. And that would be on all fours with

asking the newspapers to donate their supply. It is precisely the same proposition.

Mr. DEWEY. Will the gentleman yield?

Mr. CANNON. Yes.

The CHAIRMAN. Mr. Dewey.

Mr. DEWEY. I am still confused as to who is giving this service. When you first started you said it was the newspapers, and now it is apparently the merchants. Apparently the newspapers were paid already for this. They were paid in the last drive \$8,639,000 for the lineage they gave.

Mr. CANNON. From what source?

Mr. DEWEY. It was the merchants that paid for that lineage.

Now, let us get down as to who is going to be the beneficiary. The papers are already paid.

Mr. CANNON. I challenge that.

Mr. DEWEY. No; the weekly papers were paid \$1,942,000 for 67,976 lines offered, and of that amount 87 percent was sponsored and only 13 percent was given by those papers.

Now, I am not completely opposed to having a fund appropriated in order that this business may be done on a sound basis, but I am completely opposed when it comes to giving it on an equality basis, without regard as to the newspaper used having any pulling power or any advertising power at all.

If we are going to appropriate funds let us, as Mr. Robertson said, do it on a business basis, but it would certainly not be on a business basis to operate in every newspaper whether it had any pulling power or not. I do think it ought to be definitely established by yourself that the newspapers so far have not suffered through the bond drive. If anybody has suffered it has been the merchants who have put advertisements in the paper which they otherwise would not have done because they had nothing to sell.

Mr. CANNON. In response to the gentleman's inquiry a letter will be submitted to the committee this morning, signed by the Secretary of the Treasury, and addressed to Senator Byrd, in which he says that the value of this service in the last drive was \$30,000,000.

Mr. DEWEY. My figures which I have were obtained from sources that are good.

Mr. CANNON. No. He says the newspapers gave over \$30,000,000 worth of service, and you say they got \$8,000,000 back. Now, the difference is what the newspapers donated, and that is not the only measure.

Mr. DEWEY. I am figuring on the lineage actually received, which I understand comes from the Treasury Department as to the figures on the drive.

Mr. CANNON. All right. The gentleman mentions one million and some dollars, but the Secretary of the Treasury says the service they got was \$30,000,000. And—

Mr. DEWEY. I may say—

The CHAIRMAN (interposing). The Chair thinks we will get better results if one speaks at a time.

Mr. CANNON. The gentleman has asked his question and I am making an answer.

The CHAIRMAN. Have you answered?

Mr. CANNON. I am just starting my answer.

The CHAIRMAN. Go ahead.

Mr. CANNON. The Treasury says the newspapers service supplied was worth \$30,000,000 from the newspapers. My good friend says they got back one million and something from the merchants.

Mr. DEWEY. \$8,600,000.

Mr. CANNON. Eight million and something from merchants. In other words, the newspapers gave the difference. The newspapers gave \$22,000,000, according to his statement. But more than that the newspapers in order to give this \$30,000,000 had to go up and down the street and importune the merchants, a very embarrassing thing, and the reports we are getting from the merchants is they are beginning to think they are paying an undue and inappropriate burden. Why not let all the taxpayers pay their part of the burden? Furthermore, the well is going dry. It is becoming every time more difficult and becoming every time more embarrassing to the newspapermen to ask them to contribute because they invariably say, "Oh, well, it won't help my business any, but if you want it I will give it to you."

Mr. DEWEY. Would you answer the second portion of the question?

Mr. CANNON. Yes; I would be glad to answer the second portion.

Mr. DEWEY. Which was the advisability of appropriating a certain sum and then spreading it by equal lineage to all of the papers of the country, whether they have any drawing power or not, whether there is some little paper that may have been produced just overnight to do advertising have them receive the same lineage as a large paper, a county-seat paper, or weekly paper that you mentioned which is kept and perused by the locality during the entire week, would you recommend that that would be a good business? I can see advantages to appropriating a sum, but I would like to leave it in the hands of those who know how to place the advertising.

Mr. CANNON. The inquiry of the gentleman is proper, but it does not go to the matter before us. It is a minor detail of administration which is cared for in the bill that it shall be under the jurisdiction of voluntary associations and nonprofit publishing associations, which will determine the rate to be received by the newspapers, depending upon its location, and upon its circulation. In that way those newspapers which have little drawing power will receive a correspondingly small amount, and those who have large drawing power will receive a correspondingly larger amount.

Mr. DEWEY. That would be all right.

Mr. CANNON. Now, I must yield the floor as I have taken too much time. I want to return for a moment to the printed statement which is before you.

The CHAIRMAN. Mr. Wasielewski wants to ask you some questions.

Mr. CANNON. Yes.

Mr. WASIELEWSKI. That the newspapers throughout the country have been rendering a commendable service in the various fields of activity that will speed up the day of victory is conceded. However, there are thousands of individual citizens, firms, and merchants who are likewise contributing their services gratis to the same end.

A lot of work in the O. P. A. is carried on by volunteers. In my district, of the 1,600 persons engaged in O. P. A. work, 1,300 are volunteers who get no salary or pay. The W. P. B. in its salvage campaigns has had a number of volunteers. Truck drivers and labor has given generously of their time and equipment in the collection of paper, scrap metal, and so forth. There are hundreds of thousands engaged in the work of civilian defense as air-raid wardens and other capacities. Banks, building and loan associations, and trust companies are contributing their services and the use of their facilities in the sale of War bonds and stamps. Hundreds of thousands of individual citizens have engaged in house to house solicitation in the sale of War bonds. If we are to make an exception of newspapers by paying them for their advertising space, do you not think that we are setting a dangerous and costly precedent? For unless we treat all these volunteers alike, I am certain you can appreciate that the morale of those who are not paid will be adversely affected.

Mr. CANNON. No, sir; there is no precedent of that kind for this reason: There is not one dollar in this bill for any of the purposes to which the gentleman has referred.

Mr. WASIELEWSKI. Why should not there be?

Mr. CANNON. We do not pay the newspapers for their services. We pay them for their space, their commodity and goods.

Mr. WASIELEWSKI. What about trucking companies and banks?

Mr. CANNON. Whenever you pay anybody else for commodities or goods you pay them their price.

Mr. WASIELEWSKI. What about the trucking companies and banks, Mr. Cannon?

Mr. CANNON. We must make that distinction. There is nothing in this bill for personal services, and nothing in this bill for any patriotic activity. The only money in this bill is for commodity. It is for space in the newspapers. And that is a precedent that has already been set. We do not have to set that precedent. The Government is already paying everybody else. Why should it not pay the newspapers? Why make that distinction?

Mr. COOPER. Mr. Cannon, without at the moment undertaking to express any personal views that I hold with respect to this measure I recognize the splendid, patriotic service being rendered by the newspapers of this country, but I would like to get down to this bill and discuss it with you for a little while.

Mr. CANNON. That is what I have been trying to get back to.

Mr. COOPER. And with all due deference to these bursts of oratory and flights of eloquence.

Mr. CANNON. I take it the gentleman is referring to the flights of oratory of the members of the committee because I have not made any.

The CHAIRMAN. Let us stick to the bill.

Mr. COOPER. I want to get down to this bill. This is the thing before our committee. This is the thing we will have to consider. This is the thing upon which we will be called upon to vote. And it may be all right, but I just happen to be so constituted that I want to understand the thing before I pass on it, and you being the author and

having devoted so much time and attention to the subject I think you should be the one to tell me about it.

Mr. CANNON. I should be delighted to cooperate with the gentleman.

Mr. COOPER. Now, just let us calmly as if we were sitting in your office or mine look to the bill a little bit. I have in my hand S. 1457, the bill which has been passed by the Senate, commonly known and referred to as the Bankhead bill.

Now, let me ask you first is it your judgment and your opinion that that is the bill that we should consider?

Mr. CANNON. Does the gentleman desire me to answer there?

Mr. COOPER. Yes.

Mr. CANNON. No, Mr. Chairman; that is not the bill which I am discussing. I am discussing the bill, H. R. 2684, which is slightly different from the bill as passed by the Senate, in that it is verbatim the bill reported by the Senate committee to the Senate. The bill before the Committee on Ways and Means, bill H. R. 2684, is the identical bill which the Senate committee reported to the Senate.

Mr. COOPER. Let us try to be clear on the thing. We have before us this Senate bill 1457 which has passed the Senate. We also have before us the bill introduced by you, H. R. 2684, and another bill introduced by you, H. R. 3693. First, I would like to inquire of you which of these three bills do you now appear before this committee in support of?

Mr. CANNON. H. R. 2684.

Mr. COOPER. All right. Now, I understood in private conversation with you yesterday that you thought the most expedient course to take would be to consider this bill that already had passed the Senate?

Mr. CANNON. No; if we did that that would cut out a very large proportion of the newspapers of the country which I think should be considered in this connection.

Mr. COOPER. Of course, this bill having already passed the Senate it stands before this committee as representing the views of the majority of the Members of the United States Senate?

Mr. CANNON. Yes; but there are two Houses in the legislative branch of the United States Government.

Mr. COOPER. I am familiar with that.

Mr. CANNON. And the House of Representatives has never been governed exclusively by the wishes of the Senate.

Mr. COOPER. I do not need to be advised on that.

Now, just on this point, if you will bear with me a moment, this bill H. R. 2684, your bill which you say you are appearing here and urging that it be reported favorably by this committee is the same bill as Senator Bankhead introduced in the Senate, is it not, the original Bankhead bill in the Senate.

Mr. CANNON. No, it was changed in committee. The Senator may have reintroduced it. It is not the original bill introduced by Senator Bankhead.

Mr. COOPER. Will you permit me a moment?

Mr. CANNON. Certainly.

Mr. COOPER. I asked you the question if this H. R. 2684 was identical with the bill introduced by Senator Bankhead. You know what the introduction of a bill is, and you know what a committee report

is. It is two different things. Is this like the bill introduced by Senator Bankhead in the Senate?

Mr. CANNON. Is the gentleman through?

Mr. COOPER. Yes.

Mr. CANNON. It is not the bill that Senator Bankhead originally introduced in the Senate.

Mr. COOPER. All right, that answers my question.

In what respect does this bill differ from the bill introduced by Senator Bankhead in the Senate?

Mr. CANNON. It does not have the preface, it does not have the prologue, and there are many other minor differences and many other minor changes which were made by the Senate committee when it considered the bill.

Mr. COOPER. All right. With your long experience and your great ability I am somewhat at a loss to see why you failed to distinguish between a bill as introduced by a Member of the Senate or the House, and a bill as reported by a committee. Bills are frequently changed in committees. I am just trying to get at a starting point.

Did you and Senator Bankhead start out together on this proposition?

Mr. CANNON. The bill as introduced by the Senator, as I have said, had a long, elaborate, and argumentative preface.

Mr. COOPER. Preamble?

Mr. CANNON. Yes; preamble.

Mr. COOPER. All right.

Mr. CANNON. Which was eliminated. Otherwise, in the main the bill is the bill as reported to the Senate by the Senate committee.

Mr. COOPER. All right. In all essential respects your bill here, H. R. 2684, and the bill originally introduced by Senator Bankhead are substantially the same, are they, in all essential respects?

Mr. CANNON. In essential respects they are identical.

Mr. COOPER. All right. That gets us to a starting point. Now, the Senate committee considered Senator Bankhead's bill, which was substantially and in all essential respects the same as your bill. Now, the Senate committee made some changes in it. They reflected the views of a majority of the Members of the Senate committee when they considered it. Then the bill was considered by the Senate, and this bill, S. 1457, comes to the House of Representatives and to this committee as representing the considered judgment and opinion of a majority of the Members of the Senate of the United States?

Mr. CANNON. That is correct.

Mr. COOPER. Now, then, I understood you to say to me yesterday that you thought in the interests of expediting the matter and getting legislation passed before Christmas that it would be the better course to take up this Senate bill that had already passed the Senate and consider it. Now, have you changed your view today?

Mr. CANNON. The gentleman must have confused his conversation with me with somebody else, because the reason I reintroduced the bill—this is the second version of my bill—was in order to secure consideration of portions of the bill eliminated by the Senate, and I have never at any time believed that we should pass the bill as passed by the Senate.

Mr. COOPER. I just want to get you clear on that. It is your view now we should not?

Mr. CANNON. It is my view now, and it has always been my view.
Mr. COOPER. All right. It is your view then we should not take up this S. 1457 as the basis of our consideration in this committee?

Mr. CANNON. It is my hope that the committee after considering the matter will carry into conference two of the provisions which the Senate eliminated.

Mr. COOPER. I see. Now, then, as I had understood this Senate bill already passed by the Senate would probably be the main basis for consideration, and of course it will still be up for consideration because it has already passed the Senate, and if a different bill should pass the House why the matter will go to conference.

Mr. CANNON. That is customary in most legislation.

Mr. COOPER. And the Senate bill will still be under consideration, so I would like to invite your attention, if I may, to a few of the provisions of this Senate bill 1457, which has already passed the Senate.

On page 2, the first provision, and I will read it to you for your convenience—

Mr. CANNON (interposing). I wonder if the clerk will give me a copy of the bill.

Mr. COOPER. I will read it to you for your convenience, or you may have a copy of it if you like.

Mr. CANNON. I want a copy.

Mr. COOPER. Turn to page 2 of S. 1457. Now, the first proviso there reads as follows, line 14:

Provided, That the total amount made available during each fiscal year pursuant to this Act shall be expended for the purchase of such advertising space in daily, weekly, semiweekly, and triweekly newspapers published in cities, townships, towns, villages, and communities of ten thousand population or less.

That limits the application of the bill to these newspapers published in towns or communities of 10,000 population or less. That is correct, is it not?

Mr. CANNON. Yes.

Mr. COOPER. Now, then, the next proviso reads:

Provided further, That weekly—

I call attention to the fact that the word "daily" is left out here—

Provided further, That weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, townships, and communities of ten thousand population or more shall be entitled to all the rights provided for herein for weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, townships, and communities of ten thousand population or less.

In the last proviso dailies are left out. In the first proviso dailies are included.

Now, then, I want to know if I am correct in my understanding. As I interpret these two provisos it means that for daily newspapers, weekly newspapers, semiweekly and triweekly newspapers published in cities, towns, and communities of 10,000 population or less they are all to share in the program, but the second proviso leaves out daily newspapers and includes weekly, semiweekly, and triweekly, and so forth, if they are published in a town of more than 10,000. Is that interpretation correct?

Mr. CANNON. That is apparently the meaning of the provisos.

Mr. COOPER. So that means then assuming that a town of 9,000 population has a daily paper or a weekly paper or semiweekly or triweekly they are all covered under the benefits here?

Mr. CANNON. The gentleman is correct; yes.

Mr. COOPER. But on the other hand if a town has a population of 11,000 or 10,050 people and has a daily newspaper they are left out. They cannot share in it!

Mr. CANNON. They are eliminated by the Senate amendment.

Mr. COOPER. Yes; they cannot share it. Now, what do you have to say, or what would be your views on that?

Mr. CANNON. Mr. Chairman, we oppose those two amendments. The two amendments should not be adopted. We think there should not be any such limitation, but that the bill should apply to all newspapers of general circulation having the second-class privilege.

I might say also that while the suggestion has not been made, in order to clarify the text I would be glad if the committee would consider an amendment wherever "purchase" occurs insert in lieu thereof "offer to purchase." Some of these papers might not want to sell their space. If they did not they would not be required to sell it. Purchase would be made of space only in those newspapers which were willing to sell space, and if the bill were modified to read "offer to purchase" instead of "purchase" I think it would sort of clarify that provision.

Mr. COOPER. Now, then, if I may, as I do not want to detain you unduly, but I just want to get an understanding of this. Passing on to page 3 of this bill, S. 1457:

SEC. 3. (a) In order to secure the best financial results for the United States consistent with such program, the Secretary of the Treasury shall—

The use of the word "shall" means it is mandatory. It is not discretionary, but it is mandatory upon the Secretary of the Treasury by using the word "shall."

Mr. CANNON. He has no option.

Mr. COOPER. No option. [Reading:]

the Secretary of the Treasury shall, in cooperation with recognized existing nonprofit national newspaper publishers' associations to be designated by him (including one such association representing principally daily newspapers and one representing principally weekly newspapers), prepare newspaper advertisements in accordance with section 1 of this act.

That means that the Secretary of the Treasury is required, the requirements is mandatory. He shall appoint certain newspaper organizations to assist in the preparation of the advertising that goes in these newspapers?

Mr. CANNON. Exactly.

Mr. COOPER. That requires the purchaser of the space, which is the United States Government, acting through the Secretary of the Treasury, or it makes it mandatory that he shall prepare what he wants to purchase in consultation and cooperation with the seller?

Mr. CANNON. Yes; and it avoids the desultory hit-and-miss method now used in providing advertising to pay for the large papers and renders it uniform or standardizes it.

Mr. COOPER. Do you know of any other activity in the country where the buyer, the purchaser, is required by law to consult the seller as to what he buys and pays for?

Mr. CANNON. I do not think that anybody ever buys any labor in this country without consulting the delegated and authorized representatives of the labor associations.

Mr. COOPER. What I am getting at is this is a commodity. Space in the newspaper is the commodity that the newspaper publisher has to sell. He is offering it for sale. He is selling it to a customer. In this instance the customer is the United States acting through the Secretary of the Treasury, and though that customer may have a definite idea as to what he wants to buy yet he has got to be to some extent buying what the man wants to sell him?

Mr. CANNON. Yes; we have requirements that the Government shall advertise for bids on many commodities, and there has been a distressing number of instances recently under which there was only one bidder, and under the law the Government was required to deal with that one bidder.

Mr. COOPER. I understand, but the Government was not required to buy a commodity it did not want and felt in its honest judgment it could not use?

Mr. CANNON. The Government does not need this? Who decided the Government does not need it?

Mr. COOPER. You want to say by law the Government needs this commodity, and has to purchase this commodity, even though responsible officials of the Government may take the view that it is not necessary to buy the commodity, yet by law you want to provide the Government must purchase that commodity and must purchase the commodity in the type and the form that the seller wants to prescribe?

Mr. CANNON. The law is full of mandatory provisions. There is seldom a bill that comes before the House in which there is not some debate as to whether we shall say "may" or "shall." This is nothing new in legislation.

Mr. COOPER. I just want to get your opinion on that. You think that should be included?

Mr. CANNON. I think it should be included, Mr. Chairman, in order to have a fair uniformity of advertising copy, so that we present to the whole country at one time a unified program, a unified appeal that is best calculated to get results.

Mr. COOPER. Do you think Congress can determine that question better than the official of the Government charged with the success or the failure of the War bond drive?

Mr. CANNON. All of the executives are under the law provided by Congress. Congress is the source of law. It is the representative of the will of the people, and this is in nowise different from the usual law passed by Congress under authority of the Constitution of the United States.

Mr. COOPER. Although it is entirely different, if you will permit me to respectfully differ with you. Congress passes laws and confers a certain discretionary authority on responsible officials of the Government?

Mr. CANNON. In some instances.

Mr. COOPER. Or Congress passes laws and places definite requirements and responsibilities upon administrative officials of the Government. In this instance Congress has authorized a national debt limit. The responsibility rests upon the Secretary of the Treasury to sell bonds to provide funds for the fighting of this war and paying for it. Now, then, in his discretion in the discharge of his duty and his responsibility he announces that by a certain date \$14,000,000,000

or \$15,000,000,000, or whatever the amount he thinks will be necessary, should be sold in bonds to the people of this country. Now, then, you want Congress to step in and prescribe just how he is to discharge his duty in the performance of that ministerial function?

Mr. CANNON. Certainly. There is no alternative. The statutes are full of mandatory provisions of that character. And it undoubtedly is necessary in order to carry out the principle embodied in this bill.

Now, if I may close, Mr. Chairman, unless someone else desires to inquire.

The CHAIRMAN. Mr. Carlson desires to interrogate the witness.

Mr. CANNON. Yes; I yield to the gentleman.

Mr. CARLSON. Mr. Cannon, it seems as though we are starting out, at least as far as I am personally concerned, on the wrong premise. The premise here seems to be, should we give so many millions of dollars to the newspapers. The question to me is have our bond drives been successful and will the enactment of this bill assist in the sale of them?

Mr. CANNON. The gentleman is eminently correct in that. The purpose is not to help the newspapers. The purpose is to sell bonds in the shortest length of time in economy. I thoroughly agree with the gentleman's premise.

Mr. CARLSON. I have expressed myself on this before, and I hope our committee will analyze the sale and distribution of the bonds in our war loan drives. I trust before we adjourn these hearings we will have a representative of the Treasury appear before the committee.

The CHAIRMAN. We have a man here from the Treasury.

Mr. CARLSON. During the hearings on the Revenue Revision Act of 1943 I asked Randolph Paul for a breakdown of the sale of the bonds of the First War Loan, the Second War Loan, and the Third War Loan. It is found on page 440 of that hearing. Generally speaking, we have sold \$50,000,000,000 worth of bonds in the three drives. Approximately \$30,000,000,000 worth of those bonds have been sold to insurance companies, mutual savings banks, State and local governments, other corporations and associations, dealers and brokers, U. S. Government agencies and trust funds. We have sold in the two drives, the First and Second War Loan drives \$10,000,000,000 to the commercial banks. That leaves approximately \$10,000,000,000 to the average individual citizen; roughly speaking, between 18 and 20 percent.

Now, the question is, Is that a good and safe distribution of the war loan bonds?

I have here a breakdown of the bonds sold in Canada, and I was amazed to learn that of all bonds sold in the war loan drives in Canada in 1939, 1940, 1941, 1942 and 1943, 71 percent have been brought by the individuals, and 29 percent by the banking institutions. I do not think our bond sales have been successful. That is the distribution between commercial agencies and individuals. I think we are creating a very dangerous situation for the future. If we do not get these bonds into the hands of the individual citizen, what will prevent someone in the future or some group, for instance, to suggest the repudiation of them? It could be a good issue to demagog on when the interest carrying charge may be so high as 6 billion dollars a

year, when the banks and insurance companies own most of the bonds. If I do not own a bond and you do not own a bond, who is going to stand up out in the hinterlands and say, "Let's protect the face value of the bonds of this country." I have been greatly concerned about it, and I sincerely hope we go into this question before we conclude these hearings.

Mr. CANNON. Mr. Chairman, the gentleman puts his finger on the most important point in this legislation. The purpose of this legislation is not merely to sell bonds. The prime purpose of this legislation is to sell bonds to the right people, to sell them to the individual. One of the purposes of selling bonds to the individual is to prevent inflation.

Our annual income now is approximately \$150,000,000,000. The total value of all the goods and services in the country is only \$80,000,000,000. In other words, there are over \$70,000,000,000 of wild money floating around through this country. That is exceedingly inflationary in its influence and effect. It is like a keg of gunpowder. That can produce inflation. The purpose of this bond drive is to drain off that surplus money, that surplus \$70,000,000,000, or as much as we can. Not from the banks, as that will encourage inflation, but from the individual. It is the surplus money of the individual. The only way we can reach the individual is through these newspapers, and especially through small country newspapers. We can reach the banks direct. We do not want to reach the banks. We do not want a dollar from this for this purpose. We want to get this surplus money with its inflation possibilities out of the hands of the borrower, out of the hands of the owner, and into Government bonds, and they can only be reached, most effectively reached, through the weekly newspapers.

I think we cannot emphasize too strongly what the gentleman has said about the importance of selling these bonds to the right people, and about the prime purpose of this bill, which is to float the loan and not to help the newspapers. There are thousands of questions that should not be overlooked.

Mr. CARLSON. Will the gentleman yield?

Mr. CANNON. I yield to the gentleman.

Mr. CARLSON. I am advised by the Federal Reserve System—I believe I have the figures correctly—in the Third War Loan the banks were not permitted to purchase bonds because of its inflationary effect. Everyone knows that is highly inflationary. But at the same time they loaned individuals and corporations \$2,000,000,000 with which to buy bonds. And since September 15 there has been presented to banks and other institutions which accept bonds for the payment of them \$3,000,000,000 worth of bonds. Personally, I think it is high time that this committee or Congress or someone go into the bond purchases and sales in this Nation. I do not know whether this bill will do it. I sincerely hope this bill will bring about a discussion of the distribution of our bonds for the future economic safety of the Nation. We must convince our citizens that the individual purchase of War bonds is a protection to them and their children.

Mr. CANNON. And nothing will do that so quickly and so cheaply as this legislation.

Mr. CARLSON. Mr. Chairman, I ask permission to insert in the record the statement submitted by Mr. Randolph Paul, of the Treasury Department, in regard to the First, Second, and Third War Loans.

The CHAIRMAN. If there is no objection it shall be done.

(The document referred to is as follows :)

Sales of securities in the first 3 war loans by classes of investors

[In millions of dollars]

	First War Loan	Second War Loan	Third War Loan (incom- plete) ¹
Nonbanking investors:			
Individuals, partnerships, and personal trust accounts	1,593	3,290	4,435
Insurance companies	1,699	2,408	2,604
Mutual savings banks	620	1,195	1,502
State and local governments	200	503	773
Other corporations and associations	2,711	5,155	6,899
Dealers and brokers	769	544	890
U. S. Government agencies and trust funds	270	391	630
Subtotal	7,861	13,485	17,733
Commercial banks	5,087	5,038	-----
Total	12,947	18,543	17,733

¹ Sales reported through Oct. 5. Reports not yet in will raise the total by at least \$1,000,000,000, mostly sales to individuals.

² Includes eleemosynary institutions.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

Source: Office of the Secretary of the Treasury, Division of Research and Statistics. Oct. 7, 1943.

Mr. COOPER. Mr. Chairman, I know how carefully you always try and want to be accurate. I do not think you meant to say this inflationary gap or amount of money reached \$70,000,000,000. The estimated national income is \$157,000,000,000, and there would be something like \$20,000,000,000 in taxes, and that would leave \$137,000,000,000. Then it is estimated there will be about \$90,000,000,000 available in goods and services to be bought and paid for. They will be available. So subtract that and it would leave about \$47,000,000,000 of surplus purchasing power and buying capacity in the hands of the people, which is a little more than half of the figure you gave.

Mr. CANNON. Of course, when you consider such astronomical figures as are involved in an estimation of the national income and the value of all goods and services in the United States it is largely a matter of opinion. No one can put an adding machine upon it.

Mr. COOPER. That is true. There is a lot of guesswork on it, of course.

Mr. CANNON. I will say the income by men supposed to pass upon it ranges all the way from \$142,000,000,000 up to \$157,000,000,000, as my good friend from Tennessee has said, and others in proportion, but the fact remains there is a vast reservoir of money which cannot be expended.

Mr. COOPER. There is no doubt about that. There is a large reservoir of money that has been designated by our good friend, Judge Fred Vinson, as dangerous dollars. Now, it is not being taken in taxes as revenue for the Government, and there are not sufficient goods and services available to take up all that amount of money, so there is a large reservoir left, as you well pointed out, that constitutes the inflation danger we are facing in the war.

Mr. CANNON. That is one of our big problems today, and that is one of the problems this legislation seeks to solve.

Mr. DISNEY. Mr. Cannon, pursuing the line of inquiry Mr. Carlson addressed to you, that we have to get these bond sales out into the hinterland, so to speak, I am wondering if this is enough money to do the job.

Mr. CANNON. It is the minimum amount, and it is for that reason I hope the committee will recommend the amount carried by the original bill and carried by this bill rather than the amount finally determined in the Senate.

Mr. DISNEY. Now, have the recent bond drives been a success?

Mr. CANNON. They have met with increasing sales resistance. In each case they have finally met their quotas, but only after desperate effort, and only after failure to meet their quotas in many States upon the very thing which the three gentlemen have referred to, and that is respecting the individual purchaser.

Mr. DISNEY. Yes, sir.

Mr. CANNON. You can go into the banks and get the amount of money any time, but our objective is to reach the individual purchaser and draw off this surplus capital.

Mr. DISNEY. All right. Earlier in the year \$30,000,000 was spent for advertising, and \$8,000,000 of that money was sponsor money furnished in advertising for the merchants, if I am not mistaken?

Mr. CANNON. Yes. A page would be sent to the local newspaperman.

Mr. DISNEY. I understand the process.

Mr. CANNON. And he would be asked to get sponsors. Sometimes he could get them and sometimes he could not. In some instances he would not even take the trouble, he would rather donate the space than go out and torment his customers.

Mr. DISNEY. Now, the newspapers got \$8,000,000 that they would not have got except by reason of the bond drive?

Mr. CANNON. I think they got a good deal less than they would have had it not been for the bond drive.

And that brings up the proposition I was discussing at the time I was interrupted. Carried in the letter from the Secretary to Senator Byrd and the statement by Mr. Gamble, which is now before the committee, reduced to the last analysis—and I will answer the gentleman's question in that connection if you will permit me—these letters are strong arguments and strong endorsements in favor of this legislation, because they all concede the absolute necessity for raising this huge sum of money and the indispensable function of the newspapers in doing it. And they agree that the newspapers have been asked to furnish and have furnished a vast amount in money for free space.

Mr. DISNEY. In order to make a success of the already passed bond drives about \$30,000,000 was spent, as I understand the figures, of which \$8,000,000 was sponsor money. And you say \$22,000,000 of it was free advertising furnished by the papers. And I return to my original question: That \$8,000,000 of sponsor money is money the papers mentioned never would have got except for bond drives?

Mr. CANNON. But the bond drives interfered with their legitimate business which they otherwise would have gotten.

Mr. DISNEY. Of course, you know that did not interfere with their legitimate business because they will take all the advertising they can get.

Mr. CANNON. No, I say the individual merchant takes this advertising under protest. They say, "This won't do me any good."

Mr. DISNEY. You do not mean to say the \$8,000,000 was taken under protest?

Mr. CANNON. I certainly do. A great many merchants went to their till and said, "Sure, I am glad to contribute." But a great many said, "Why should I be required to pay for space the whole country should pay for? Why should they ask me on the corner to pay those things when they ought to be paid for by the taxpayers because the taxpayers and the Government are getting the benefit of it?"

Mr. DISNEY. Yes. He did not take that advertising because he did not want it?

Mr. CANNON. Because he would be blamed as being unpatriotic if he did not take it. He took it or the weight of public sentiment would be directed against him. He had no alternative. It was taken from him as if it had been taken at the point of a gun. I do not mean to say all of them. But I say in many instances it was done because they did not want to be put under the lash of public disapproval.

Mr. DISNEY. That is to say, when merchants sponsored an ad you mean in your opinion any newspaper did not want to run that ad sponsored by his local merchants? I do not have that impression. Maybe I am wrong.

Mr. CANNON. I say to you the average newspaperman does not want to be sent out in the street.

Mr. DISNEY. I see.

Mr. CANNON. To canvass his customers and ask them to contribute to something.

Mr. DISNEY. But, Mr. Cannon, is not that the way they get their advertising is asking for it?

Mr. CANNON. I do not understand the gentleman's question.

Mr. DISNEY. You have expressed concern for the newspaperman who has to go up and down the street to get this bond drive advertising. That is the way every newspaperman gets his advertising is by asking the local merchants for it?

Mr. CANNON. The most successful newspaperman in my district has never in his life asked anybody for advertising.

Mr. DISNEY. That is most unusual.

Mr. CANNON. And I think he makes more money out of advertising than any other newspaper in the district.

Mr. DISNEY. Still pursuing the colloquy between you and Mr. Carlson, the purpose of this bill is to get out of the hinterlands and advertise and get people to buy more bonds; that is the idea of the whole bill, is it not, that the bond sales will be enhanced and enlarged by advertising?

Mr. CANNON. Exactly, just in the same way that any other bond drive is enhanced by advertising.

Mr. DISNEY. Very well. The weekly newspapers are in the country, they are not in the big cities, generally speaking; is that true?

Mr. CANNON. I beg your pardon?

Mr. DISNEY. The weekly newspapers are in the country towns, they are not in the big cities?

Mr. CANNON. In all the States.

Mr. DISNEY. I mean generally speaking there are more weekly newspapers in the agricultural States than in the industrial and metropolitan areas?

Mr. CANNON. They average about the same outside of the larger cities in all the States.

Mr. DISNEY. I understand. Do you not know it to be a fact that the only States that made a complete 100 percent quota in the last bond drive were agricultural States?

Mr. CANNON. All of the States met their quotas in the last bond drive, but some of them did it after considerable delay.

Mr. DISNEY. My information is that the agricultural States are the only States that completed their individual quotas. I think when the facts are developed that will be true.

Mr. CANNON. I am glad to have the gentleman say a word for the farmer.

Mr. DISNEY. The agricultural States are the States that filled their quotas so far as individual quotas are concerned. If it was done without the Bankhead bill in the last drive is it not reasonable to suppose it will be done in the next drive?

Mr. CANNON. The final objective was not reached in the last drive in the sale to individuals. And it will still be more difficult in the next drive because as the drives proceed sales resistance increases, and that disposition upon the part of the people increases as their funds decrease.

Mr. DISNEY. What I am saying is that in the last drive in the States where the weekly newspapers predominate the agricultural States completed their quotas.

Mr. CANNON. They do not predominate in the agricultural States. Outside of the larger cities they are found practically in the same ratio throughout all States.

Mr. DISNEY. What I am saying is that the States which did best in the last drive—this cannot be contradicted—were States where weekly newspapers predominate, and they are the ones which went over the top.

Mr. CANNON. No. It is shown by the statistics of the Treasury Department itself that they did not carry out their objective in selling to individuals.

The CHAIRMAN. Are you through?

Mr. DISNEY. I have not concluded.

Mr. CANNON. I would be glad to answer any further inquiry.

Mr. DISNEY. I am not through. I have another question to ask.

The CHAIRMAN. Go ahead.

Mr. DISNEY. Did we have any newspaper advertising paid for by the Treasury in the First World War?

Mr. CANNON. We have a precedent for paying for newspaper advertisements in the United States for many years. In the Civil War beginning in 1862 a bond drive was attempted and it was a failure. And as a last resort money was appropriated and newspaper advertising was bought just as we propose in this bill. And with that newspaper advertising the drive was put over and the bonds were sold. It is not new. It is old. It goes clear back to the Civil War.

Mr. DISNEY. Was it done in the First World War?

Mr. CANNON. The First World War was, of course, a very small show in this country as compared with the present World War.

Mr. DISNEY. All I asked you was whether or not it was done in the First World War, if you appropriated any money for advertising.

Mr. CANNON. Not to my knowledge. I have no information, but I do know it was done in the Civil War.

Mr. DISNEY. Why restrict it to the weekly, triweekly, semiweekly and monthly newspaper? I am simply asking for information.

Mr. CANNON. For the reason they reach, they have a coverage which reaches the very people we want to sell in this bond drive. Thirty-eight States failed to sell their quota of E bonds. As to the average bonds for the average individual in the last bond drive 38 out of the 48 States failed to sell them.

Mr. DISNEY. But they are in the big cities with daily papers.

Mr. CANNON. If you will put this bill through and this advertising campaign it will reach the very States and very people to whom we expect to sell these E bonds.

Mr. DISNEY. But, Mr. Cannon, in this last drive they did reach them, because the 10 States are agricultural States and went over the top.

Mr. CANNON. I have just told the gentleman 38 States failed to sell their quota of E bonds in the last drive. It is our contention that they could have made the quota if this legislation had been available.

Mr. DISNEY. Do you mean appropriating money from the United States Treasury would have made New York go over?

Mr. CANNON. I did not get the gentleman's question.

Mr. DISNEY. Do you mean \$15,000,000 spread all over the United States would have brought New York, for instance, over?

Mr. CANNON. I mean an expenditure of \$30,000,000 as provided in the bill before the House would have sold their quota.

Mr. DISNEY. How much advertising was used in the last drive?

Mr. CANNON. No Government advertising of this character was used, and that is the reason they could not make their quota.

Mr. DISNEY. How much free advertising was used in the last drive?

Mr. CANNON. \$30,000,000, which was not distributed as it should have been, and they did not carry the copy that should have been the copy, and 38 States did not make their quota.

Mr. DISNEY. Yes; and the other 10 States with weekly newspapers predominated?

Mr. CANNON. I know that is not true.

Mr. DISNEY. I know it is a fact.

Mr. CANNON. I again say in all States regardless of the industry the prevalence and the services of the weekly newspaper are uniform outside of the large cities.

I have taken too much time, Mr. Chairman.

Mr. DISNEY. I am not through, Mr. Chairman.

The CHAIRMAN. You may still have the witness.

Mr. DISNEY. I do not believe I got an answer yet to my inquiry about why restrict it to weekly, semiweekly and monthly papers?

Mr. CANNON. I do not advocate restriction to those papers at all. The bill does not carry that restriction. We ask it be uniform to all papers of general description admitted to second-class matter.

Mr. DISNEY. I find on page 2 of H. R. 2684 it says, "weekly, semi-weekly, triweekly, and monthly newspapers." How about magazines? Would you have coverage there?

Mr. CANNON. The provision is made here for newspapers of general circulation admitted as second-class matter.

Mr. DISNEY. I am wondering what are your views on this, Mr. Cannon: Now, when we went into the first World War we had a debt of \$1,280,000,000. We came out of that war owing \$26,000,000,000. We started in this war with a debt of \$65,000,000,000. Of course, you know how much money we have appropriated since July 1, 1940, being chairman of the Appropriations Committee. It is \$345,000,000,000, of which \$285,000,000,000, according to the Bureau of the Budget, has been obligated. I am wondering where we are going to stop. This \$15,000,000 of course is a small amount, but nobody believes if we make this appropriation we are going to stop there. You are advocating \$30,000,000. The Senate just passed it over to us at \$15,000,000 to see how we would act. I can see that. Now, it looks to me like too many people are picking Uncle Sam's pocket.

Mr. CANNON. The newspapers are the only ones who have a commodity which is being taken away from them without payment. Everybody else is being paid in full and at large prices.

Mr. DISNEY. If you put it on that basis I can see your reasoning.

Mr. CANNON. You talk about appropriating money for newspapers. We are not going to stop appropriating money for guns and gunpowder and other services. We are not going to quit appropriating money with which to win this war. That is the purpose of the legislation, to win the war in the most economical and expeditious way in which it can be done.

Mr. DISNEY. The man in my State who had the most to do with the drive called me this morning since you have been on the stand. He said, "For God's sake do not get this kind of precedent started. We cannot accomplish anything when you inaugurate this kind of system, because it will never end. We will have demands on us we cannot yield to." He said "\$15,000,000 would be a bagatelle, because everybody will insist on more and more instead of less and less." He thought it would be a deterrent to the success of bond drives, and he is a man whose judgment I respect, and I respect the judgment of the newspapermen of my district too. But here is a man who has been in the thick of these drives, taken the biggest interest and devoted his whole time to it. He implored me to be careful for fear of its consequences as a precedent.

It occurred to me Mr. Maloney's suggestion that if we do this we will be then taken stepping in the direction at least of paying the people who handle the drives and who devote their time to them. Of course, time is as important to most men as the commodity which he has to sell as is the goods on a businessman's shelf.

Mr. CANNON. Shall I answer?

Mr. DISNEY. I was just making a statement.

Mr. CANNON. The suggestion made that this will lead to the payment of everybody for services portrays the poverty of argument of those who oppose this legislation. They certainly lack argument.

when they advance a thing like that, because there is not one dollar in this bill for anything like that. And they are going clear out of the way and clear out of the bill and clear out of the language of logic and reason and business sense in making an absurd objection like that.

Mr. DISNEY. That may be correct. Of course, when we start appropriating we keep going forward instead of in the other direction.

Mr. CANNON. I do not know who this gentleman he refers to is, but I have an idea he is a man of vast wealth and large means. I would not be surprised but what he belongs to the class of people willing to buy great pages in the magazines and newspapers when they have nothing to sell in order to keep down their income tax.

Mr. DISNEY. Would you like to know his annual salary? His annual salary from his occupation is \$4,000.

Mr. CANNON. What is his business?

Mr. DISNEY. This man is patriotic minded.

Mr. CANNON. Is his salary the sole basis of his income? Is that the only income?

Mr. DISNEY. That is the sole basis of his income, and he has fought this thing through.

Mr. CANNON. The gentleman is operating on a mistaken basis.

Mr. DISNEY. Your premise is mistaken as far as I am concerned. He has been in it.

Mr. CANNON. I do not know who he represents, but I will say this: Gentlemen, I represent the bulk of sentiment in this country. The newspapers of the country almost unanimously and by a vast majority, and also the majority of the businessmen of this country who have been paying for these advertisements favor this legislation. The United States favors this legislation, and I am convinced from my conversation with them that a majority of the Members of the House favor this legislation.

Mr. DISNEY. I would like to ask you another question.

Mr. CANNON. Certainly.

Mr. DISNEY. As to the trend of the appropriations you know and I know that this is just a start so far as money is concerned, and \$15,000,000 won't do the job?

Mr. CANNON. I do not think \$15,000,000 would do it, but I know twenty-five to thirty million would do it because it has been carefully estimated. There is no guess work about it at all. We know exactly how many papers there are in the country, and we know how much space will be required to put this bond drive over, and we have estimated it with mathematical accuracy. Twenty-five or thirty million dollars will be the last and top amount ever asked for here, because it will be sufficient to put over this drive, and there is no uncertainty whatever about the basis upon which this estimate was arrived at.

Mr. DISNEY. But the Children's Bureau was set up as an example with an appropriation of \$25,000?

Mr. CANNON. If the gentleman will permit me, may I ask—

Mr. DISNEY (interposing). I am asking a question to you as chairman of the Appropriations Committee. The Children's Bureau was set up as a statistical bureau for \$25,000, and last year Miss Lenroot said she could not possibly get by without \$25,000,000. The agri-

cultural bureau was set up as a statistical organization with \$3,000, and in the last 5 years they have never received less than \$3,500,000.

Mr. CANNON. If the gentleman will permit me, what has that got to do with the price of oranges? Those that do that show the poverty of their argument against this bill. There is not an argument against this bill. They have to go entirely outside of the bill.

Now, Mr. Chairman, I am through unless someone has some other question.

Mr. CAMP. Mr. Chairman, I have a question.

The CHAIRMAN. Mr. Camp.

Mr. CAMP. We got a long ways off from the point I had in mind a while ago, Mr. Cannon, but I have also talked with managers of bond drives in a town which was the first one in the State to go over the top. The manager of the drive is the president of the bank and mayor of the town. He called me in the office and he says, "Why don't you all pay for the necessary advertisements to sell the bonds?"

Mr. CANNON. And there was the really businessman.

Mr. CAMP. Wait a minute. He said, "They sent the page ad down to the paper. Then the paper had to go around to the merchants in the town and ask them to pay for the ad." "And," he said, "as he got to every merchant the merchant would have to have a long harangue and argument about calling on him to pay for Government expense. And by the time he got the ads subscribed in the town one merchant who maybe was not able to pay it would have to do it because his competitor had. When he got through the very fact that the newspaperman had to go around town and gather up the subscriptions created a sales resistance to the sale of bonds." "Now," he says, "if you had gone and paid for the little ad to start with I believe we would have sold more bonds." Then in a day or two the newspaperman came around and said he would almost rather furnish me space in the paper than to go around and hear these harangues. He said, "Surely, I am willing to give my time, but I wish they would not ask me to go around and beg of little merchants in the town to pay for the advertising."

My view of this whole thing is, if it is necessary to have a page ad in the paper then let the Government pay for it. If it is not able to pay for it, then do not have it in the paper. I just see this thing as the newspapermen's space in the paper being donated to this Government or paid for by the Government. The question of men giving their time in bond sales indicates quite clearly that the newspapermen give their time just as much as the truckmen and bankers. But this is not his time. It is newspaper space, which is his stock in trade.

I think we have gone far afield in this argument.

Mr. WEST. Mr. Chairman, may I ask one question about the mechanics of the last bill? I assume that is your preference, H. R. 3693?

Mr. CANNON. Yes.

Mr. WEST. Is that right?

Mr. CANNON. No. H. R. 2684 is the bill.

Mr. WEST. Which is your preference, the first or second bill?

Mr. CANNON. H. R. 2684.

Mr. WEST. Then you have left H. R. 3693?

Mr. CANNON. Yes.

Mr. WEST. Then I do not have any question to ask.

Mr. CANNON. I think there is seldom an instance in which a bill first drawn is ever presented to the House. It is always subjected to correction and consideration.

Mr. COOPER. You introduced H. R. 2684 on May 11, 1943, and you introduced H. R. 3693 on November 18, 1943.

Mr. CANNON. I stand corrected.

Mr. COOPER. Otherwise, why did you introduce this last bill, H. R. 3693, on November 18, 1943?

Mr. CANNON. The bill H. R. 3693 is the bill which we wish considered.

Mr. WEST. Now, I have a question to ask.

Mr. CANNON. I just had the numbers confused.

Mr. WEST. In the first bill you had no population to abide by. In the second bill you do. Who is to determine, especially in war communities where there has been no census since 1940, what towns have 10,000 population, and how will they do it?

Mr. CANNON. If the gentleman will permit, I wish to say that is not a matter which goes to the fundamentals of the bill, but it is a very essential administrative detail.

Mr. WEST. But some go to 10,000 and less, I believe.

Mr. CANNON. The last report of the Bureau of Census, of course, is always taken as official proof of the population of a town in interpreting statutes.

Mr. REED. Will the gentleman yield?

Mr. CANNON. Yes, Mr. Reed.

The CHAIRMAN. Mr. Reed.

Mr. REED. I just want to call your attention to this: I have been very much interested on both sides of this question. Is it not true that small business firms in these communities are being constantly weakened, take, for instance, gas stations, and I can enumerate many others that are being gradually weakened; therefore, the funds from which they can draw to sponsor these ads is growing less all of the time?

Mr. CANNON. That is true.

Mr. REED. And there is no doubt but that in wartime there is a psychological coercion that no man can resist. I remember in the last war in one town where mob psychology got the better of people, in their patriotism so-called crowd psychology ran wild. They took a man who, of course, offered sales resistance, and in the dead of winter they stripped him of every rag and tossed him in the river.

The fact that we are failing in these sales shows there is something wrong with the sales set-up as it exists at the present time. Bonds are not being held by the individual. Once the figures are shown as to the number of E bonds that are being cashed it will be astounding. I understand it runs around one-fourth.

Mr. CANNON. Yes, sir. The fact is that 23 to 25 percent of the bonds are cashed immediately, or within 30 days, which proves the gentleman's contention. And the purpose of a drive is not only to sell bonds, but educate people to keep them.

Mr. REED. So they will look upon them as an investment?

Mr. CANNON. Exactly.

Mr. REED. Otherwise, it is just frittering away time and does not mean a thing. It is simply throwing the fuel right back onto the flames of inflation.

Mr. CANNON. When you see a quarter of all bonds sold cashed, they come right back and the Government has lost money.

Mr. REED. Those figures—I am correct—are very disturbing. And I know something is going on right in this town where patriotic women are selling bonds, and the first question asked by the purchaser is "Where can I cash them"?

Mr. COOPER. Mr. Chairman, I want to again emphasize, Mr. Cannon, I am only seeking information and trying to analyze the bill before us. I am not trying to take any position before you. I want to try to analyze the bill.

Mr. CANNON. I have known the gentleman for many years, and I have never known him to participate in discussion in which he did not add a material service.

Mr. COOPER. The gentleman is very kind.

But take your bill, H. R. 3693, which was introduced in the House 2 days after the Senate had passed Senator Bankhead's bill. So this, I assume, is your last thought on the subject?

Mr. CANNON. That is correct.

Mr. COOPER. All right; I just wanted to get a clear understanding on that.

Mr. CANNON. But with the one amendment I offered a while ago. I would say "offer to purchase" instead of "purchase" in order to clarify it.

Mr. COOPER. All right. Let us turn to page 2 of your last bill introduced November 18, 1943, H. R. 3693. Now, page 2, line 12, reads—look to the proviso there:

Provided, That one-half of the total amount made available during each fiscal year pursuant to this Act shall be expended for the purchase of such advertising space in daily, weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, and communities of ten thousand population or less.

Do you not think it would be helpful to your own purpose if you included some provision to determine the date of this population difference that you here provide?

Mr. CANNON. It would undoubtedly be helpful.

Mr. COOPER. Now, then, the point is this: I know of towns and you know of towns that in the 1940 census, which is the last we have had, their population may never have been more than five or six thousand, and now they are up to twelve or fifteen thousand because some war activity has in the meantime been located somewhere close enough that it has drawn population into that town. So I am just wondering if you are going back to the 1940 census to determine the population. That controls this provision here. I am wondering whether or not that is going to be really the accurate basis to place this on.

Now, another thing in that connection, and that is have you given thought and consideration as to whether the 10,000 population is the proper dividing line to be drawn to exactly divide this fund in half? In other words, to try to illustrate, are the towns of this country with less than 10,000 population which will receive half of the money the

ones that should receive half or maybe 40 percent, or maybe 60 percent, or some other percent?

On the other hand, are towns in this country above 10,000 exactly the towns that should receive exactly 50 percent of the fund or a little bit more or a little bit less?

I just want information as to this dividing line you provide in your bill and the reason for it.

Mr. CANNON. I think the gentleman has offered an excellent suggestion in that a provision should be included in the bill that will obviate any difficulty in administration.

And in response to your second question the 10,000 population was decided upon because that just about equally divided the population of the country. Fifty-two percent of all the people of the United States live in and about communities of 10,000 or less, and 48 percent live in the remainder of the country.

Mr. COOPER. All right. That is a good reason.

Mr. CANNON. Yes.

Mr. COOPER. If you will permit me there, when did that reason obtain? Was that the 1940 census or is that today?

Mr. CANNON. Of course, as one community advances another community declines. We have some communities now which are poor towns as the result of location of war industries, and then we have at the same time similar communities which have had thousands of population and which are now almost deserted towns.

Mr. COOPER. You have had an expanding process and you have had a shrinking process, that is true, there is no doubt about that?

Mr. CANNON. That is true. And it still strikes about a happy medium.

Mr. COOPER. You are confident the dividing line of 10,000 now represents about the proper dividing line as it did as the result of the 1940 census?

Mr. CANNON. That is the general consensus of opinion of those interested in the legislation.

Mr. COOPER. I see. I wanted information on that.

The CHAIRMAN. Mr. Cannon, some of us have been so busily engaged and our time so fully occupied with other matters, and these bills not having originated in our committee, one having originated in the Senate, and of course the other two from the House—

Mr. CANNON. Mr. Chairman, may I say—

The CHAIRMAN (interposing). Please let me make my statement.

I say some of us have not had time to give thorough study to this subject, and are necessarily relying upon these hearings to inform us as to the necessity or desirability of this legislation.

We all realize the great work the newspapers of the country are doing. They challenge our admiration and our gratitude for the high character of those who run the newspapers and operate the Nationwide service they render.

Is it your contention or that of those who favor the legislation, that this legislation is necessary for a more equitable or a more successful sale of bonds?

Mr. CANNON. Both, Mr. Chairman. It is much more equitable, and will be much more effective. It will sell their bonds quicker and sell

them more nearly to the right people, and sell them at a cheaper cost to the Government.

The CHAIRMAN. Is it your feeling and do those who favor this legislation feel that the sale of bonds heretofore has not been adequately advertised, or is it the contention that there has been a hardship and there is being a hardship imposed upon the newspapers, and upon the merchants and businessmen who sponsor these advertisements? In other words, has the sale of bonds so far not been adequately advertised, and as a consequence not sufficiently distributed, or is it your contention there is a hardship being imposed upon the newspapermen and upon those sponsoring the advertisements, the small businessmen, and they are being called upon for a service they should not render?

Mr. CANNON. It is.

The CHAIRMAN. Or has there been adequate advertising and people are not taking the interest they should? What is your view about that?

Mr. CANNON. Undoubtedly they have not been sufficiently and properly advertised, and the people have not been educated.

Notwithstanding the fact that there are in the banks today over \$110,000,000,000 on deposit, the largest amount ever had in the banks of the United States, still notwithstanding that fact 38 States failed to make their quota for E bonds in the last drive.

If we had got over to them the message by advertising, the money is there and the people are patriotic. All we have to do is make them understand, Mr. Chairman, and this is the best and most practical method of doing it.

The CHAIRMAN. As I understand then, it is the purpose of the bill to provide a more equitable and more successful policy for the sale of bonds?

Mr. CANNON. And a more economical.

The CHAIRMAN. That is the three?

Mr. CANNON. Yes, sir.

The CHAIRMAN. More economical to whom?

Mr. CANNON. To the United States Government.

The CHAIRMAN. You think it would be a saving of money to the Government?

Mr. CANNON. I think so. It unquestionably would cost them less. And the sale per hundred dollar bond would, as I have said, be at a minimum never before reached in the underwriting of any bond issue in the history of the country.

The CHAIRMAN. You think the sale and distribution of these bonds among the rank and file, the plain class of people, has failed and that the reason is the bond drives have not been adequately and sufficiently advertised, is that your belief?

Mr. CANNON. The lesson has not been brought home to the people. The CHAIRMAN. And to the extent it has been done it has been due to insufficient advertising?

Mr. CANNON. That is true, Mr. Chairman.

The CHAIRMAN. As I understand your contention it has involved an unjust burden and hardship upon the newspaper people and also upon the sponsors, businessmen in small towns, who paid for these advertisements?

Mr. CANNON. And the most important point is it has not got results. The CHAIRMAN. How is that?

Mr. CANNON. The most important point is that it has not got results, we have not sold the bonds.

The CHAIRMAN. The reason it has not got results is it has not been sufficiently advertised and has not been brought to the attention of the people?

Mr. CANNON. That is right.

The CHAIRMAN. Have you considered this phase of it: The radio is a great advertising medium and it is in as many homes as newspapers go; have you considered the feasibility of extending it to the radios? Is it probable they would come in, if we pass this legislation? They reach a great number of people. Has that been taken into consideration? I am trying, like Mr. Cooper, to get all the facts I can before we pass on this legislation.

Mr. CANNON. The chairman very well brings up the only argument advanced by the Treasury.

The CHAIRMAN. You understand me; I never won an argument in my life. I am just asking for light and information. I am not putting any argument against your bill; I am just asking for information and your viewpoint.

Mr. CANNON. The chairman has brought up the only argument advanced by the Treasury against this legislation.

The CHAIRMAN. I have not heard that.

Mr. CANNON. If you take the two letters today which will be submitted by the Treasury Department—

The CHAIRMAN (interposing). Let me say right there that I had not read the Secretary's letter and I did not know his viewpoint on that subject.

Mr. CANNON. I think the chairman renders a service in bringing it up, because it should be discussed. And the statement will later be made by the representative of the Department.

Boiled down the whole argument of the Treasury is if we take advertising space in the newspapers we will have to take advertising space on the radio, and that the motion pictures are great avenues of approach to the people, and that if we pay for space in one we must advertise in the other. Gentlemen, that is the only argument against this bill that is advanced by the Treasury Department when you go through it and vote it down.

Let us consider that argument. There is a vast and a vital difference between the two. Mr. Chairman, never before in the history of the country have the revenues from the radio been as great as they are today. Never before have they been making as much money as they are making today, and never before has the motion-picture income been as great as today. Not only in this city but in every city in the land men wait at the doors of the theaters for entrance in long queues. Both of them have said, speaking for themselves, and not for the industry, but representative men for both have said that they do not need this sort of legislation, and they do not ask it for radio or motion pictures.

But what is the situation with the weekly small newspaper? The businessmen in this community are going out of business. Their shelves are empty. They cannot get goods. They have nothing to sell. They cannot advertise due to the cost of operation. Their clerks have been taken away by the Army or industry, or their wages have gone up. As a result businessmen in every community are going out

of business. And that is the report by Dun & Bradstreet and every other reporting agency in the country. On the other hand, the cost of paper is going up and the amount rationed to them is being reduced. Their operating force is being taken away from them. I know of one or two papers in which the editor and wife alone are getting out the paper, in which formerly he had 6 or 8 men working on the paper, and they are being reduced to a place where they cannot contribute their space. It is not that they are not willing, it is not that they are not patriotic, as they have given and given and given, and they will continue to give as long as they can give, but you are taking away from them—the war is—their advertising. Many of them are operating on a bare margin. That is the difference. Radio and motion pictures have the greatest revenues in their history, and they are not asking for it. But the newspapers, if they are to continue and can render the service that is needed to put this bond drive over ought to be paid at least a part of what the commodity is worth. The Government does not ask anybody else to contribute their commodities without pay.

The CHAIRMAN. Mr. Gearhart.

Mr. GEARHART. Mr. Cannon, I notice in your first bill you include and in your second bill you exclude monthly newspapers. Is there any reason a man who publishes a monthly should not have the same assistance from the Government as a man who publishes a weekly?

Mr. CANNON. It was felt in weighing the drawing power of the various periodicals that the monthlies as a rule were a different class of papers. They were special papers issued for special purposes or by special organizations; they were not newspapers of the character that could carry the appeal as the weekly newspapers do.

Mr. GEARHART. Mr. Cannon, I have in mind a paper printed by the American Legion of California, which has a paid circulation of 70,000. It carries news that the members are intensely interested in, and that paper goes into the homes of those who are patriotic and warmly support this war. Do you think that paper should be compelled to carry full page advertising as it did in the last campaign and once before without any assistance under the bill you have offered?

Mr. CANNON. There are exceptions to all cases. That is an unusual instance and an instance in which, of course, that paper should be included. But speaking of them as a class the monthly newspapers do not fit into the purpose as the weekly newspapers do.

Mr. GEARHART. And there is another paper printed in California by the Veterans of Foreign Wars, called the California Veteran, which has a circulation of about 50,000, which goes into the same type of patriotic homes, but is only printed twice a month, and under this bill both would be excluded. I think the bill should be revised so as to include patriotic papers.

Mr. CANNON. Of course, we have to draw a general classification. This is off the record.

(Discussion off the record, after which the following occurred:)

Mr. GEARHART. In your first bill I notice you have restrictive clauses to prevent the use of this vast sum for partisan purposes, and in your second bill you do not mention the subject at all. Is it because you think that because the expenditure of this money is placed

in the hands of a partisan group that nothing can be done to limit its use partisanly, that you dropped the limitation?

Mr. CANNON. The reason that was done the bill as now drawn could not possibly be used for a partisan purpose, and so such a provision was not used because it would be mere surplusage.

Mr. GEARHART. At the time you drafted your first bill you set forth that the funds appropriated should be expended "as nonpartisanly as possible." At that time did you think it could be made nonpartisan?

Mr. CANNON. We drew this first bill merely to get the issue before the House. Of course, there were many things included in it which were found unnecessary. Anyone who will read the bill now will be convinced it is absolutely impossible to use this bill for partisan purposes.

Mr. GEARHART. What safeguard is there in your second bill which would make the use of the legislation for partisan purposes impossible?

Mr. CANNON. It is provided in the bill that advertising matter shall be distributed to all newspapers of a certain class. There is no option. It is impossible to include part of them and exclude part of them. All must be treated alike. If you treat all alike of every possible color and affiliation there cannot be any partisanship.

Mr. GEARHART. That suggests to me another question. Both of your bills provide that the funds shall be divided equitably between the newspapers for and within the classification that are to be favored. Is not that going to create a mad rush down at the Treasury Department; drives by publishers insisting upon recognition? Is it not going to create a stampede throughout the country among the tens of thousands of people that stand to be benefited?

Mr. CANNON. The language of the bill is so explicit that there can be no misinterpretation of it. It is newspapers admitted to the second-class mail. Any newspaperman would be able to determine immediately whether or not he came within the classification. If he did, his paper would be included. If he did not, he would not be included. It would be a very simple matter.

Mr. GEARHART. There have been many matters perhaps before this committee which sounded very good at the time we first heard of them, but they were propositions which we had later to abandon because of administrative difficulties. Do you sense any administrative difficulties arising out of the question of what is an equitable distribution?

Mr. CANNON. None whatever.

Mr. GEARHART. All right. One man comes in and says, "I have got a wonderful paper. I have a circulation of so much. Mine goes into homes of a certain class. It goes into bankers' homes and people who have money to invest. Therefore, I should have a larger advertisement in my paper because it is going to go to those who can buy most."

Mr. CANNON. There are only three things to be determined: Is the newspapers of general circulation, is it second-class mail, and what is its circulation?

Mr. GEARHART. What are you going to say if a man comes in with a paper of 100,000 circulation and says, "I have a paper which goes into homes of those who cannot afford to buy bonds. It goes into homes

in which the Government should not expect to buy bonds." How about that fellow on the basis of 100,000 circulation? Does he get just as large an advertisement as does the former?

Mr. CANNON. We say you are entitled and your newspaper is entitled to every consideration and privilege as the newspapers of general circulation admitted to the second-class mail, and as much and no more in proportion to your circulation.

Mr. GEARHART. You said a moment ago you wanted to place this advertising so as to facilitate the sale of bonds?

Mr. CANNON. That is right.

Mr. GEARHART. Here we have a paper circulating among people so poor they cannot afford to buy bonds; is it going to get advertising?

Mr. CANNON. Any newspaper who comes within the classification is entitled to classification in the bill.

Sometimes in the poorest communities you find the sale of bonds and stamps out of proportion in the wealthy communities in proportion to their buying power.

Mr. GEARHART. There is just one more thing that has been touched on before, but I think it is a very, very important point insofar as public policy is concerned. If we are going to pay for newspaper advertising, and at the same time ask every other type of professional and business man to leave their business and go out and work for nothing, how can we expect to get that same splendid widespread support we have had in the past when we insist that some be paid and others not?

Mr. CANNON. There is nothing in this bill of that character. We pay for the commodity, the goods on the shelf.

Mr. GEARHART. I admit there is nothing in the bill providing for the paying of a solicitor. Its absence creates the thought I am embracing in this question: Are all those salesmen going to go out and work at a sacrifice of their business and personal income when they know that others are going to be paid for what they do?

Mr. CANNON. That has nothing to do with this bill. As to the manufacture of airplanes this bill does not touch that top nor bottom.

Mr. GEARHART. I know it does not.

Mr. CANNON. This bill provides for the payment for a commodity.

Mr. GEARHART. But what effect is it going to have on the psychology of the other workers who work at a sacrifice of time and income?

Mr. CANNON. None whatever, no more than it would have to do with the tax question or the renegotiation question. It has no connection with a proposition like that.

Mr. GEARHART. Taking my own experience: In the first war I was a 4-minute man. I went out to make speeches everywhere. Every time I went out clients came to my office and waited and left, and therefore I lost clients and my business suffered.

Mr. CANNON. I am glad to say that I was in that service also.

Mr. GEARHART. I did it with a sense of personal satisfaction and the thought that everybody was doing something for their country helped a lot.

Supposing you set up a bill that lawyers are not to be paid, but the doctors are to be paid, what do you think would happen to the enthusiasm of the lawyers who were donating their services?

Mr. CANNON. This won't interfere with that at all. Lawyers, doctors, nurses, and teachers, all of them still go out. I know how that feels. I did exactly the same thing in the last war. It does not touch that in any respect. This is a proposition to go into a man's business and take his commodities without paying for them.

Mr. GEARHART. When you take me from my law office you are taking money, a commodity, from my pocket, my only way to make a living?

Mr. CANNON. Oh, no; that was the gentleman's option. This does not pay a man for his time. This pays a man as you pay him for his gasoline or shoes or his groceries. That is the only proposition.

Mr. GEARHART. I am just like the other members. I am deeply interested in this bill. All I want to know is, does it represent sound American policy? I think it does.

Mr. CANNON. I am glad to hear the gentleman say that.

Mr. GEARHART. I sympathize with newspapers. I know they are suffering great losses because of the war. Their contributions to the general welfare have been out of all proportion to that given by others.

Mr. CANNON. I am glad the gentleman takes to my position. Taking that position I am certain every member of the committee will be impressed with this legislation as being the most practical, most efficient, and most economical way of selling bonds which must be sold to prevent the continuing of the war.

The CHAIRMAN. Mr. Cannon, there are four grounds on which the request for this legislation is based, a more equitable, a more economical, and a more successful system for selling bonds, and also as an antidote for inflation.

Mr. CANNON. That is true, Mr. Chairman.

The CHAIRMAN. I would like for you also to answer this question. Assuming that we do not produce enough by the voluntary method of purchasing of bonds, the policy which we now pursue, would you favor mandatory purchase of bonds?

Mr. CANNON. Oh, no.

The CHAIRMAN. In order to reach these dangerous dollars we hear so much about, would you favor that?

Mr. CANNON. Oh, no, Mr. Chairman. We cannot confiscate property. Forced loans belong to the despotism of the Middle Ages.

The CHAIRMAN. You would not favor forced loans for any reason?

Mr. CANNON. I certainly would not.

The CHAIRMAN. We thank you, Mr. Cannon, for your statement.

(Discussion off the record, after which the following occurred:)

STATEMENT OF PAUL CUNNINGHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. CUNNINGHAM. Mr. Chairman, I do not presume to be an authority on advertising nor an authority on the sale of War bonds. However, it seems to me that the passage of this bill will be good business on the part of the United States. It seems to me that the benefits to be derived from it from a financial standpoint will offset any detriments in the way of expenditures, as provided in the bill. Everyone knows of the tremendous pulling power of advertising in the large

daily newspapers, but I wish to talk for a moment about the pulling power of the small country dailies, as well as the weeklies, biweeklies, and triweeklies. In many localities these small newspapers are next to the Bible in the home and the only newspaper that is taken. These papers have grown up with the community and frequently the publishers are personally acquainted with practically all of their subscribers. The subscribers have come to look upon the paper as an authority in everything it publishes and the papers themselves are sort of guardians of the accuracy and correctness of the news and advertising that the subscribers get. It seems to me that if the Government advertises in these papers the value of the bonds as an investment, as well as the benefit the purchase of them will be to the war effort, there will be many more of the bonds purchased by a larger percentage of our people.

Mr. COOPER. Mr. Chairman, I move we adjourn until 2 o'clock.

The CHAIRMAN. Very well. The first witness then will be Mr. Hardy at 2 o'clock. The committee is recessed until that time.

(Whereupon, at 12:45 p. m., a recess was taken until 2 p. m. of the same day.)

AFTER RECESS

(The committee reconvened, pursuant to recess, at 2 p. m.)

The CHAIRMAN. The committee will please be in order.

The next witness on the calendar is Mr. Albert S. Hardy, president of the National Editorial Association.

Mr. HARDY. Will you please come around?

STATEMENT OF ALBERT S. HARDY, PRESIDENT, NATIONAL EDITORIAL ASSOCIATION, GAINESVILLE, GA.

The CHAIRMAN. Mr. Hardy, will you give your name, address, and your connections?

Mr. HARDY. Mr. Chairman, I am Albert S. Hardy, of Gainesville, Ga., where I publish the News, a weekly newspaper. I appear here as president of the National Editorial Association, a national trade association representing more than 5,000 newspapers, primarily dailies and weeklies, in the smaller cities and towns.

Mr. COOPER. Pardon me; where are you from?

Mr. HARDY. Gainesville, Ga.

The CHAIRMAN. Do you prefer to make your statement free from interruption, and then answer questions later?

Mr. HARDY. Yes.

The CHAIRMAN. Proceed, then.

Mr. HARDY. Our association has gone on record as approving the principle of a Government paid advertising program. We endorse and urge immediate enactment of H. R. 3693, introduced by Representative Clarence Cannon, of Missouri.

In my testimony before the Senate Banking and Currency Committee I reviewed returns made to a questionnaire our association dispatched to newspaper publishers last spring. I will not take the time of this committee to repeat the report, but I have been advised that all members of your committee have read the printed hearings.

I hope you noted the fact that in my opening statement at the Senate hearing, I show that 94 percent of the 2,704 responses to our questionnaire expressed the view that the Government should buy newspaper space for bond promotion; that 1,870 publishers reported local businessmen were protesting attempts of the Government to have them underwrite local bond advertising; that 87 percent stated that they did not believe the small amount of money received from the purchase of space would affect news and editorial opinion, and above all, 87 percent were definitely of the conviction that the buying of newspaper space for advertising was not a subsidy.

Before yielding my time to the individual publishers, and representatives of State newspaper associations, I would like to direct the committee's attention to several features of this legislation, which others will discuss in detail.

It may be helpful in giving you new perspectives of the problems involved in this legislation. The major objective of the proposed advertising authorizations to aid in stabilization by encouraging the acquisition and retention of War bonds by individuals.

We have read with considerable interest the recent debates in the House, in which the members of this committee discussed at length many phases of the inflation problem in connection with the revenue bill. It is apparent from the majority and minority reports, as well as in the floor debate, that you have given thorough study of financing aspects of the war. Because of long years of service in this committee you have acquired a working knowledge of Government fiscal matters far beyond the understanding of the average layman.

The distinguished chairman, Mr. Doughton, told the House:

There has been much discussion of the so-called inflationary gap which is generally defined to mean the difference between the sums of money available for expenditure for consumer goods, and the amounts of consumer goods available to supply the demand. I wish to comment briefly on this inflationary gap. No two experts seem to agree, either on the amount of this gap or the best way to close it.

We do not pretend to possess any qualifications of fiscal experts. Whether the dangers of inflation are real or farfetched is a matter of opinion. As a member of the National Association of Newspapers, the National Editorial Association does not take a position in these controversial matters involved in taxation. That is a matter for the individual editor. There is apparently no dispute in Congress or elsewhere as to the abundance of loanable funds.

It seems to us that one important means to draw off what may be considered a dangerous volume of idle money was best expressed in Report No. 502 of the Senate Committee on Banking and Currency, in reporting S. 1457, which reads in part as follows:

The broad objective of a Nation-wide stabilization plan can best be achieved by the Government borrowing from all its citizens by means of bond sales to individuals. Up to the present an overwhelming percentage of bond purchasers have been the banks, corporations, investment trusts, and others than individuals. The sale to individuals has been proportionately smaller. A more widespread diffusion of bond ownership to all citizens is imperative to the successful stabilization of our economy. Why this is essential to the national welfare does not require much elaboration. It is well recognized that as civilian goods become scarcer and individual incomes rise much of the unexercised spending power would be brought into play. A program of integrated bond advertising, reaching into every city, town, hamlet, and farm home, paid for by the Govern-

ment itself, should induce the investment of individual funds, far beyond the returns from the Treasury sole dependence upon voluntary donations of advertising space.

The Treasury has made much ado about the success of the War bond drive. I do not know of a better rebuttal to this claim than the one given by a member of the committee in the debate on the tax bill last week.

Mr. Carlson, of Kansas, subsequently stated, and I quote:

Every issue has been oversubscribed and that should be proof that the drive was successful.

Evidently speaking ironically—

A War bond drive is not successful unless the individual citizen purchases a large portion of the bonds sold. As of October 7, 1943, we sold approximately \$50,000,000,000 of War bonds in the three war-loan drives. The individual citizen bought only seven and a half billion dollars of this total.

We subscribe to Mr. Carlson's views, and I quote again:

We need an educational campaign that will reach every citizen. He must be convinced that it is to his best interests and his children's best interests to own this share in his own Government.

The Secretary of the Treasury and Mr. Randolph Paul, Treasury general counsel, insist their prevailing program is a success. If you can overlook the fact that the overwhelming percentage of War bonds have been bought by banks, corporations, and so forth, and measured in volume only, this contention has merit.

However, it is well to remember that the Senate Committee on Banking and Currency concluded in its report:

The assumption that the voluntary contributions of sales-promotion methods are sufficient to evoke a sustained demand for Government securities on the part of all citizens seems contrary to the facts. There are indubitable differences between the concepts of donation and purchase. Testimony adduced before the committee was to the effect that the war-related advertising in its predominant volume was actually restricted to the more densely populated areas.

In other words, the Treasurer's main reliance on the admittedly large donations of space from hundreds of national advertisers, whose newspaper space contributions are circumscribed by population considerations, demonstrates the inadequacy of their present bond promotion program.

I notice that another member of this committee, Mr. Woodruff of Michigan, had occasion to complain that the Ways and Means Committee had been editorially castigated by certain editors of the metropolitan press because of the tax bill. It may be of interest that the advocates of the pending bill have sustained criticism from this source.

If any of these editorial writers on the large metropolitan daily newspapers actually believe that the purchase of space restricts their freedom, there is no compulsion for their bosses to accept the advertising copy.

The courts have held that any newspaper is at liberty to accept or decline the sale of their services. It is not a tenable contention, that this space buying is destined to have pernicious effects. As a matter of fact, the Federal Government has purchased newspaper space at various times without the publications becoming subservient to the United States agencies, and the big city dailies have been the chief beneficiaries of various wartime advertising, both by the Government and the war advertising council through private sponsorship.

The purchase of advertising space by the Federal Government does not contravene constitutional guarantees of a free press or constitute, in any sense, a subsidy or likely to compel passive acquiescence of newspapers to Government authority.

The purchase of space would be surrounded by all the requirements of a contractual relationship. Surely it cannot be plausibly argued that the contracts between the Federal Government and private enterprise restrain the political and economic activities of industrial leaders or automatically make them subservient to the particular agencies which they necessarily contact.

It can be easily proven that company officials having intimate relations with Government groups in the performance of their war contracts are usually loudest in their condemnation of dabblers and inexpert amateurs in Government service.

The insidious inference by opponents that the newspaper will lower our standards of public service solely because the Government is in want of advertisers in fantastic speculation. It shows that those voicing these sentiments have little comprehension of newspaper management.

In conclusion, let me say our association, which, with its many affiliated State associations, has served publishers faithfully for nearly 60 years, believes that the widespread distribution of efficient, signed messages from the United States Government in paid newspaper advertisements is an expenditure which can be justified by result in a vastly increased volume of bond sales to individuals, and at a unit cost so small compared with potential sales as to be infinitesimal.

Our association respectfully urges early enactment of the Cannon bill.

The CHAIRMAN. Thank you.

Mr. Gamble, please identify yourself by giving your name and address, and your connection and the extent to which you appear, for the benefit of the record.

STATEMENT OF THEODORE R. GAMBLE, NATIONAL DIRECTOR, WAR FINANCE DIVISION, UNITED STATES TREASURY DEPARTMENT

Mr. GAMBLE. My name is Ted R. Gamble, National Director of the War Finance Division of the Treasury Department.

The CHAIRMAN. About how much time do you think you will need?

Mr. GAMBLE. Twenty minutes, sir.

The CHAIRMAN. All right; you may proceed.

Mr. GAMBLE. As National Director of the United States Treasury Department's War Finance Division, entrusted with the task of promoting the sale of Government securities, I feel it my duty to lay before you my views on Senate bill 1457 and the majority report of the Committee on Banking and Currency which accompanies it.

Permit me to say, first of all, that, given the total tax revenues under existing legislation:

The broad objective of a Nation-wide stabilization plan can best be achieved—as the committee report correctly points out—

by Government borrowing from all its citizens by means of bond sales to individuals.

It is my considered opinion, however, that the passage of S. 1457 and its enactment into law might well be the means of retarding the very stabilization program it sets out to aid.

The Treasury today is already favored with the greatest advertising operation in the history of the world (exhibit G-8)—a consistent, carefully conceived effort reaching, we have reason to believe, into every city, town, hamlet, and county in America. This Nation-wide effort, conducted along voluntary lines, attains volume peaks, during drive periods, which have never before been equaled on either a paid or a voluntary basis.

Let me itemize briefly the advertising record for the recent Third War Loan drive in September 1943 (exhibit A).

Daily and Sunday newspapers published 88,947 War-bond advertisements—a total of 61,573,588 agate lines, with a value at published national rates of \$6,697,358.45 (exhibit A-1). Approximately 92.5 percent of this space was paid for by advertisers and about 7.5 percent was contributed by the newspapers (exhibit A-5).

Weekly and semiweekly newspapers carried 63,846 advertisements aggregating 67,976,376 agate lines valued at \$1,942,181.60. About 87 percent of this space was paid for by advertisers (exhibit A-2).

Daily and weekly newspapers published Third War Loan advertising with a value of \$8,639,540.05 of which 91.2 percent was purchased by advertisers.

Here, Mr. Chairman, may I say that I have brought with me supporting exhibits of all of the figures used in this statement, and I would like to say here that we have the Audit Bureau of Circulation records on better than 2,000 daily and Sunday newspapers for you gentlemen to see in executive session, showing you every newspaper in the United States of America in the daily and Sunday field that carried advertisements during the Second and Third War Loan campaigns and how much they carried.

We have in addition to that and I did not bring it with me, a survey that we made of the weekly newspapers at the conclusion of the Third War Loan drive. We have in our office here in Washington 5,000 pages showing that there were something over 25,000 advertisements used in those 5,000 weekly newspapers, and while they would fill a good part of this room, they are available at the War Finance Division headquarters here for you gentlemen to see.

At least \$1,380,000 in magazine space was provided by advertisers and the magazines themselves. Two hundred and thirty-six general magazines, 55 farm journals, and 513 business and trade magazines each contributed a free War bond advertisement (exhibit A-3 and A-4).

Advertisers and the Outdoor Industry provided by all odds the most expansive outdoor showing of all time, with 20,000 sponsored 24-sheet poster panels and 30,000 donated by the industry (exhibit G-7, p. 3). The estimated value of the outdoor advertising was \$1,800,000, including car cards and three sheets (exhibit A-3).

The National Association of Broadcasters reports that advertisers and radio stations devoted radio time and talent which they valued at \$12,000,000 (exhibit A-4a) to Third War Loan messages to the public, throughout the days and nights of the drive.

This 5-week campaign put on by advertisers alone would have cost a commercial sponsor \$24,000,000 (exhibit A-3)—double the proposed annual appropriation under S. 1457.

Add to this the value of publicity contributed by the motion-picture industry—producers, distributors, and exhibitors; chain radio and newspapers; department-store displays; bank, school, and railroad displays. I might point out this \$24,000,000 contained in this statement is actually measurable space, the supporting exhibits of which we will give you when we conclude this talk.

The estimate of \$30,000,000 which was contained in the Secretary's letter is a very conservative estimate of \$6,000,000 for all of the use of the other media which we are able to support with exhibits.

And then add most of all the selfless, untiring work of 5,000,000 War bond volunteers, who without byline or credit line, carried the national message by word of mouth into every nook and cranny of the country; and one begins to form some comprehensive idea of the staggering scope of this unparalleled undertaking.

Senate bill 1457 authorizes and directs the Secretary of the Treasury to purchase from twelve and one-half to fifteen million dollars' worth of advertising. To attempt to duplicate out of public funds the estimated value of measurable advertising contributed in support of the War Bond campaign during 1943 would require, however, an authorization to spend a minimum of \$100,000,000 (exhibit B-1 and B-2). And this estimate takes no account of the voluntary assistance of advertising agencies and millions of individuals whose contributions to the selling effort is literally incalculable.

A twelve- or fifteen-million-dollar subsidy will add nothing to the advertising and publicity the bond effort is already receiving. On the contrary it may work irreparable harm. The War Finance Division cannot, in good conscience, ask some newspapers to contribute War Bond advertising voluntarily as a patriotic service while others are free to withhold their support until they receive a Government subsidy. Far from increasing the total amount of advertising, a Government subsidy on the scale envisaged by S. 1457 might decidedly lessen the volume we now enjoy.

The demand for Government-sponsored advertising is nothing new. Secretary McAdoo, directly in charge of the Nation's bond effort in the last war, had to face the problem. His words are probably worthy of quotation for they express in essential particulars our views today.

The question of paid advertising presents a serious problem for the Government. The value of such advertising cannot be doubted, and if the operation could be governed by the same considerations as those which determine the action of private enterprises it would be much simplified. A private enterprise may advertise in a selected number of mediums most useful for its purpose without any limitation except its own desires or ability to pay. If the Government engages in such a campaign, it must advertise in every newspaper and periodical in America without discrimination. All must have equal treatment, and should have equal treatment. The Government must be thoroughly democratic and impartial in a matter of this sort. To make the advertisement thorough and effective it should be done on such a broad and liberal scale. The cost of such an undertaking would be very great and would exceed the appropriation which the Congress has thus far made available for the sale of Liberty bonds (exhibit H).

The development since the Liberty Loan days of radio broadcasting and the motion picture only gives added force to this reasoning of Secretary McAdoo.

So much by way of general remarks on the proposed legislation. I come now to the arguments advanced in favor of Senate bill 1457.

The sponsors of the measure take the position that Government-paid

advertising will evoke a sustained demand for Government securities on the part of all citizens even though the advertising would be permitted in weekly, semiweekly, and triweekly newspapers wherever published, but as to daily papers would be limited to those published in cities, towns, villages, and townships and communities of 10,000 population or less.

We of the War Finance Division do not share this view. While we have a healthy respect for advertising learned from intimate association with the industry and from experience in the War bond drives, we also have a pretty fair idea of what may legitimately be expected from advertising and what may not.

There is no exact, automatic cause-effect relationship between advertising and the sale of War bonds any more than there is such a relationship between commercial advertising and the sale of any product. The purpose of advertising, as we understand it, is to create an awareness in the minds of the public as to the desirability of a given product. That, voluntarily sponsored advertising has done in greater measure than we ever had reason to expect. Surveys conducted for the Treasury indicate that from 84 to 90 percent of the American public, in urban and rural regions, are aware of War bonds and War bond drives (exhibit E-1).

What is more, these surveys indicate an ever-growing awareness of War bonds and War bond drives. And the growth in awareness is greatest precisely in those rural areas that the sponsors of S. 1457 declare are most in need of Government-paid advertising. In the Second War Loan drive 67 percent of all of those living in rural areas knew of the drive; in the Third War Loan this awareness had jumped to 84 percent (exhibit E-1).

A recent study of bond buying during the Third War Loan drive indicates, moreover, that there was no difference whatsoever in the percentage of the nonfarm population that bought extra bonds in counties with a town of 10,000 or over as compared with the percentage of the nonfarm population that bought extra bonds in counties without a town of 10,000. In both types of communities precisely the same proportion of the people bought extra War Bonds—39 percent, to be exact (exhibit F-1). And since the income of people in counties with no larger towns is lower, it appears that they were more adequately covered by the drive as many of them bought extra bonds in spite of their lower income (exhibit F-2).

Of equal interest in this connection, the advertising appearing in weekly newspapers—and the weeklies, for the most part, circulate in the smaller towns and cities—increased in value from \$1,201,000 in the Second War Loan drive (exhibit C-1) to \$1,942,000 in the Third War Loan drive (exhibit A-2).

There was also an increase in the number of separate advertisements run—from 33,164 in the Second War Loan drive (exhibit C-1) to 63,846 in the third (exhibit A-2). This is a striking refutation to the claim by various witnesses before the Senate committee of “the growing resistance to locally sponsored bond advertising in smaller communities.”

It would be erroneous to infer that the striking results achieved

in counties with towns of population of 10,000 or less (exhibit F-1) were produced by advertising in weeklies alone, and we draw no such inference. We do not imagine that these smaller communities are closed off from the rest of America—that radio wavelengths stop at county boundaries—that farm and other magazines do not regularly go into these areas—that newspapers published in larger cities are not read in the smaller communities—that these areas have been stripped of all of the billboards which carried War Bond messages in the Third War Loan drive—that theaters were suddenly nailed up in these areas, with all their War Bond trailers and patriotic posters.

No; we don't imagine any of these things any more than we believe that the 67,976,376 lines (exhibit A-2)—the equivalent of about 40,000 pages—of Third War Loan advertisements printed in weekly newspapers was not read. But the report of the Senate Banking and Currency Committee declared that

the heavy barrage of eye appeals is seldom, if ever, seen by 52 percent of our population residing in the smaller cities, town, and rural regions.

Here I would like to point out one of the exhibits that we have showing the areas where the “E” bond sales were the best in the Third War Loan drive.

Mr. WOODRUFF. Mr. Chairman.

The CHAIRMAN. Mr. Woodruff.

Mr. WOODRUFF. How many of them have been cashed in?

Mr. GAMBLE. I would be delighted to come to that. I have reference to it here in a moment, if you do not mind, sir.

It was also contended before the Senate committee that the War bond advertising copy is not of proper quality. The advertising released to daily and weekly newspapers by the Treasury Department is written by leading advertising agencies whose outstanding ability is recognized by commercial advertisers and the advertising fraternity generally. The best advertising brains in America, specialists in framing appeals to all strata of the population, are available to the Treasury Department, without charge, through the facilities of the War Advertising Council—the very people who would have to be consulted and paid if S. 1457 were enacted into law.

An argument leveled against the present voluntary sponsored program is that the Treasury is spending a very large sum of money in the preparation of mats and materials which are sent to all newspapers in the United States and which are not being used. Government-paid advertising, it is claimed, will eliminate this waste. This charge is completely unjustified since all Treasury mats and materials, with what we consider to be only unavoidable exceptions, are distributed only on request.

It has been stated also that the name of the Government should appear in War bond advertising. Advertisements now released by the Treasury Department already include the statement: “This advertisement prepared under the auspices of the U. S. Treasury Department and the War Advertising Council,” thereby signifying its official nature.

It is regrettable that the Canadian experience has been drawn upon to justify Government sponsored advertising. I have the greatest admiration for the Canadian war effort and nothing that I say is intended as a reflection upon it. I do believe, however, that while there are many lessons in the Canadian experience we might profitably take to heart, there are many pointers too that they might profitably pick up from us.

There is no warrant for the inference that—

the high productivity of the Canadian paid advertising plan in volume of sales to individuals and at low cost attest to the feasibility of the Government using its own resources and controlling its official messages.

It may well be true, as the committee report asserts, that in Canada—

all the press advertising amounts to four and one-half hundredths of 1 percent of the amount of bonds sold—but we repeat again what we said in another connection—there simply is no evidence whatsoever that advertising, and advertising alone, is responsible for the notable War bond record, either of the Canadians or of ourselves, to date.

Furthermore, to declare, as does the report that—

paid government advertisements must be used to persuade earlier buyers to retain these bonds—

and, thus, cut down the number of redemptions, is to show a lack of understanding of the Canadian experience. The redemption of Canadian War Savings Certificates and the resale of their Victory Loan bonds to the banks are proceeding at a rate considerably higher than in the United States (exhibit D-1).

I might depart for a moment in answer to your question, Mr. Congressman, and elaborate on this. The Canadians to date have sold \$250,000,000 of savings certificates; \$47,500,000 of those savings certificates have been redeemed. They are redeemable after 6 months. There are other securities not redeemable but they can be sold to banks. Of their \$50 bonds that they have sold at the present time, over 35 percent of the \$50 bonds have been resold and the \$100 bonds, comparing the \$50 and \$100 bonds to our smaller ones, are being redeemed and resold at a rate of over 15 percent.

Contrast to that our own sales. We have sold up to the present time over \$24,000,000,000 of savings bonds alone. The redemption rate on those bonds is slightly over 6 percent. In other words, nearly \$94 of every \$100 that the Government has taken in since 1941 in the sale of E, F, and G, savings securities is still in the Government.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. Does that hold true for E bonds?

Mr. GAMBLE. That is E, F, and G. The total E bonds redemptions against total sales since May, 1941, is slightly under 8 percent.

Mr. REED. Is that redemption more rapid now?

Mr. GAMBLE. The redemption rate, despite the fact in the September operation we sold \$2,473,000,000 worth of E bonds, as you gentlemen know, we sold \$5,377,000,000 of F securities to individuals plus the huge income tax payments in September, the redemptions

went up \$4,000,000 over August, which was \$152,000,000. They went up to \$156,000,000 in September, and I am happy to say to you they went down \$144,000,000 in the month of October. They went down percentagewise in the month of September and they went down dollarwise and percentagewise in the month of October.

Those are the latest figures we have, sir. There is no evidence that the redemption rate has established any trend any different than a security or investment of this kind has established in the past.

To give you some idea of what I mean by that, in the 22 months of the predecessor bond campaign, the D bond, redemption had arrived at a rate of 4.41. In the same 22 months, or the same period of time, 22 months after the start of the war, the redemption rate of E bonds was 3.84, and the Treasury has—I do not want this statement misunderstood—but the Treasury has no occasion to be concerned about any pattern of redemptions on its securities, sir. They follow the normal pattern for that type of savings, whether it is in a saving account in a bank, or whether it is in a similar type of either Government security or private security.

Mr. REED. How many States exceeded their quota on individual sales?

Mr. GAMBLE. There were 31 States that exceeded their quota, and at the risk of taking too long—

Mr. REED. On individual sales.

Mr. GAMBLE. On individual sales, not on E bonds.

Mr. REED. What is that?

Mr. GAMBLE. Not on the E bonds. And I would like to clear that up. There has been a good deal said in these numbers of talks about this advertising bill and the failure of this country to meet its individual responsibilities in these War bond sales.

When we started the Third War Loan drive there was no precedent for the job that we were trying to do. We did not know whether it was physically possible to sell, issue, and deliver \$3,000,000,000 of E bonds in that period of time or not.

We knew because of the funds that were available in the country that ideally that was a good sum to shoot at and we established an informal quota of \$3,000,000,000, and cut it up among the three-thousand-odd counties in this country. We never made that figure, the \$3,000,000,000, public, because of our lack of knowledge of being able to ascertain the physical ability to do the job.

We sold, as you perhaps know, \$2,473,000,000 of that \$3,000,000,000, and this hue and cry about some States having failed to reach their quota, upon examination, will show that a job was done in this country, the likes of which was never done in any country in the history of the world. There were 52,577,000 individual registered "E" bonds sold and delivered in this country in a period of a little over 3 weeks' time, and any group of advertising authorities or sales management people in the world will tell you that is a job without any precedent, and I think it is a tribute to all of the fine people who have supported this program in the 48 States.

From our experiences we know and I am going to cover here for you what we think is our margin of improvement in this program, sir.

Mr. CARLSON. Mr. Chairman.

The CHAIRMAN. Mr. Carlson.

Mr. CARLSON. If you will pardon me, I hate to break in, but I want to read you from the New York Herald Tribune under date of November 29.

Redemptions of War bonds are 13 percent of sales.

Amount being cashed in increased sharply after withholding tax started.

It is a Washington date line.

In 25 days of November, \$648,950,914 worth of series E, F, and G War bonds were sold, but \$146,740,284 were redeemed. Redemptions in dollars are not much higher this month than in September and October, but in these 2 months sales were higher in a reflection of the War Loan drive.

Is that a correct statement?

Mr. GAMBLE. That is correct, a statement by a different yardstick of measurement. What they do is take the redemption of all securities outstanding and measure them against a given month's sale. Now, that is not going to give you a true picture. They take all the redemptions for that given month, and they take even the predecessor bond, the D, many of them which are now 8 or 9 years old, and charge them against that monthly sale.

I have a complete schedule of redemptions to show you gentlemen exactly what has happened every month, and I think if you study this and the exhibits we are going to leave, you can get a complete picture.

Mr. COOPER. Mr. Chairman.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. Will that be in the record?

Mr. GAMBLE. That will be in the record.

Mr. WOODRUFF. Mr. Chairman.

The CHAIRMAN. Mr. Woodruff.

Mr. WOODRUFF. You do not now have copies of that particular record available for the members, do you?

Mr. GAMBLE. I am going to leave it, sir, with your chairman. I am sorry. The time did not permit us to mimeograph a copy for every one of you. It is voluminous and it is an awkward job.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. It might be very helpful for the committee if all members of the committee would have that evidence before them.

Mr. GAMBLE. If I may withhold this evidence with the permission of your chairman, I will have copies made.

(The above-mentioned tabulation is as follows:)

DECEMBER 4, 1943.

The attached tables show redemptions of all series of United States Savings bonds and redemptions of series E, F, and G bonds through the 30th of November 1943.

RÉSUMÉ OF SAVINGS BOND REDEMPTIONS

(1) United States Savings bonds (so-called baby bonds) series A, B, C, and D were first issued March 1, 1935. They were withdrawn from sale April 30, 1941. Cumulative sales during the 6-year period aggregated approximately \$4 billions.

Redemptions (cost plus accrued interest) through November 30, 1943, total \$712 millions, or 18 percent of total sales.

In other words, 82 percent of the \$4 billions invested in series A, B, C, and D bonds is still invested in them.

(2) United States Savings bonds (Defense and War) series E, F, and G were first issued on May 1, 1941. Since that date through November 30, 1943, cumulative sales total over \$24,570 millions.

Redemptions (cost plus accrued interest) through November 30, 1943, total \$1,562 millions, or 6.36 percent of cumulative sales.

Therefore, 93.64 percent of the funds invested in series E, F, and G bonds since they were first offered for sale is still invested in these bonds.

(3) United States Savings bonds (Defense and War) series E, cumulative sales aggregate over \$16.7 billions.

Redemptions (cost plus accrued interest) through November 30, 1943, total \$1,414 millions or 8.44 percent of cumulative sales.

As of November 30, 1943, 91.56 percent of the \$16.7 billions bonds (series E) placed remain in the hands of the public.

(Source: Promotional Research Section, War Finance Division.)

May 1941 to date—All series

Month	Sales	Amount of bonds outstanding ¹	Redemptions	Redemptions as percent of amount outstanding
1941:				
May	\$349,800,000	\$4,008,100,000	\$14,000,000	.0.35
June	314,500,000	4,314,600,000	14,800,000	.34
July	342,100,000	4,649,400,000	18,000,000	.39
August	265,600,000	4,907,800,000	12,900,000	.26
September	232,300,000	5,131,500,000	14,400,000	.28
October	270,700,000	5,394,000,000	13,700,000	.25
November	235,500,000	5,615,700,000	12,500,000	.23
December	528,600,000	6,136,700,000	16,300,000	.27
1942:				
January	1,060,500,000	7,198,300,000	15,400,000	.21
February	793,300,000	7,892,400,000	15,900,000	.20
March	557,900,000	8,435,900,000	22,000,000	.26
April	530,500,000	8,051,000,000	21,300,000	.24
May	624,400,000	8,569,000,000	22,100,000	.23
June	633,900,000	10,188,200,000	22,800,000	.22
July	900,900,000	11,077,800,000	25,500,000	.23
August	2,734,300,000	11,751,200,000	22,200,000	.27
September	833,200,000	12,478,900,000	34,300,000	.27
October	814,400,000	13,380,800,000	40,100,000	.30
November	734,500,000	14,078,900,000	43,200,000	.31
December	1,014,200,000	15,049,800,000	54,700,000	.36
1943:				
January	1,240,400,000	16,246,100,000	63,000,000	.39
February	887,200,000	17,067,500,000	76,400,000	.45
March	944,300,000	17,890,700,000	131,200,000	.73
April	1,469,700,000	19,267,000,000	102,300,000	.53
May	1,235,000,000	20,507,400,000	104,000,000	.51
June	875,500,000	21,256,200,000	141,100,000	.66
July	889,700,000	22,030,200,000	138,200,000	.63
August	801,700,000	22,693,500,000	152,000,000	.67
September	1,926,600,000	24,478,400,000	155,300,000	.63
October	1,703,200,000	26,056,000,000	143,700,000	.55
November	798,100,000	26,697,000,000	170,000,000	.64

¹ This represents the redemption value of bonds outstanding at the end of each month.

² Including \$37,085,000 adjustment for late mail reports.

Source: Promotional Research Section, War Finance Division.

WAR BOND GOVERNMENT NEWSPAPER ADVERTISING

Cumulative sales and redemptions E, F, and G bonds, May 1941 to date

[Sales are at issue price. Redemptions at current redemption value]

	Series E			Series F			Series G			Total E, F, and G			
	Cumulative sales, E bonds	Cumulative redemptions	Percent	Cumulative sales, F bonds	Cumulative redemptions	Percent	Cumulative sales, G bonds	Cumulative redemptions	Percent	Cumulative sales, E, F and G bonds	Cumulative redemptions	Percent	
1941:	\$100,581,000	\$1,000	0.01	\$37,817,000	\$49,000	0.07	\$211,420,000	\$542,000	0.14	\$340,818,000	\$1,000	0.00	
	203,088,000	22,000	0.01	66,985,000	111	0.11	394,455,000	648,000	0.11	664,345,000	614,000	0.09	
	348,373,000	521,000	1.15	94,052,000	102,000	0.09	564,055,000	648,000	0.11	946,477,000	1,277,000	1.13	
	465,976,000	3,186,000	0.32	117,370,000	102,000	0.09	691,738,000	744,000	0.11	1,272,083,000	2,351,000	1.19	
	571,217,000	1,186,000	0.56	132,468,000	122,000	0.09	800,725,000	812,000	0.10	1,504,411,000	4,121,000	1.27	
	684,101,000	5,469,000	0.79	155,332,000	122,000	0.08	925,960,000	907,000	0.10	1,775,124,000	6,490,000	1.37	
	803,576,000	1,019,000	0.97	174,410,000	228,000	0.13	1,030,925,000	1,374,000	0.13	2,088,611,000	9,622,000	1.48	
	1,144,600,000	11,069,000	0.97	207,682,000	386,000	0.19	1,184,867,000	2,116,000	0.18	2,537,210,000	13,801,000	1.54	
	1,812,072,000	13,965,000	0.77	285,241,000	676,000	0.24	1,500,448,000	3,278,000	0.22	3,597,756,000	17,948,000	1.50	
	2,210,065,000	18,640,000	0.84	327,000	1,073,000	0.32	485,1000	485,000	0.26	4,098,000	1,564,000	1.56	
	2,516,680,000	27,776,000	1.09	378,131,000	1,483,000	0.39	1,033,058,000	615,000	0.32	4,838,848,000	35,394,000	1.73	
	2,874,320,000	37,087,000	1.31	418,134,000	1,853,000	0.44	1,066,386,000	747,000	0.37	4,390,350,000	47,285,000	1.88	
	3,268,151,000	48,079,000	1.46	460,586,000	2,318,000	0.50	2,266,957,000	10,047,000	0.44	6,023,707,000	60,444,000	1.13	
	5,704,020,000	60,020,000	1.01	501,940,000	2,969,000	0.55	4,226,638,000	1,354,000	0.51	6,937,682,000	75,280,000	1.13	
	4,237,491,000	7,143,000	0.77	575,331,000	3,409,000	0.59	2,745,690,000	14,877,000	0.54	7,558,513,000	93,116,000	1.23	
	4,601,458,000	98,851,000	2.00	627,389,000	4,165,000	0.66	2,936,710,000	18,248,000	0.62	8,255,707,000	116,263,000	1.41	
	5,161,513,000	116,631,000	2.24	688,502,000	4,811,000	0.70	3,120,736,000	21,004,000	0.67	9,010,451,000	142,198,000	1.58	
	5,494,456,000	144,385,000	2.46	748,966,000	5,716,000	0.76	3,310,223,000	24,187,000	0.73	9,945,449,000	174,386,000	1.75	
	6,401,733,000	176,329,000	2.75	753,732,000	6,458,000	0.81	3,478,534,000	28,245,000	0.81	10,679,998,000	211,229,000	1.98	
	7,133,510,000	220,306,000	3.09	830,225,000	7,381,000	0.86	3,700,932,000	31,461,000	0.85	11,694,107,000	220,148,000	2.22	
	1943:	January	289,085,000	3,40	936,791,000	8,955,000	0.96	1,049,382,000	36,637,000	0.88	12,384,611,000	314,677,000	2.43
	February	332,732,000	3,88	1,088,978,000	10,655,000	1.03	1,249,677,000	40,632,000	0.95	13,821,806,000	384,017,000	3.44	
	March	446,554,000	1,027,000	1,188,405,000	12,472,000	1.21	1,788,086,000	45,512,000	1.08	15,255,806,000	603,097,000	3.59	
	April	537,102,000	1,309,000	1,236,388,000	15,326,000	1.26	1,847,968,000	50,500,000	1.10	16,866,787,000	1,063,405,000	4.33	
	May	623,486,000	1,417,000	1,262,000	1,518,000	1.29	1,866,000	56,620,000	1.12	17,315,406,000	1,511,222,000	5.00	
	June	748,602,000	6,011	1,267,742,000	6,245,000	1.31	1,866,000	66,636,000	1.13	17,315,406,000	1,511,222,000	5.02	
	July	1,268,520,000	8,000	1,267,716,000	6,245,000	1.31	1,866,000	66,636,000	1.13	17,315,406,000	1,511,222,000	5.02	
	August	1,344,721,000	1,000	1,267,761,000	7,517,000	1.34	1,866,000	66,636,000	1.13	17,315,406,000	1,511,222,000	5.02	
	September	1,474,880,000	1,339,000	1,268,500,000	7,732,000	1.34	1,864,196,000	66,636,000	1.13	17,315,406,000	1,511,222,000	5.02	
	October	16,085,028,000	1,264,000	1,264,000	1,265,000	1.34	1,557,320,000	32,308,000	0.27	1,830,058,000	100,377,000	1.65	
	November	16,750,322,000	1,414,266,000	8,44	1,580,769,000	37,368,000	0.36	2,369,462,000	2,36,000	0.17	2,272,409,000	1,327,731,000	5.58
	December	1,750,322,000	1,414,266,000	8,44	1,580,769,000	37,368,000	0.36	2,369,462,000	2,36,000	0.17	2,562,552,000	1,362,203,000	6.36

Redemptions of E, F, and G bonds as a percent of amount outstanding, May 1941 to date

	E bonds	F bonds	G bonds	E, F, and G bonds					
	Amount outstanding end of month	Redemptions during the month	Amount outstanding end of month	Redemptions during the month					
1941:	\$1,000	Redemptions during the month	Percent	Amount outstanding end of month	Redemptions during the month	Percent	Amount outstanding end of month	Redemptions during the month	Percent
	\$1,000	-\$1,000	-100.00%	\$211,420,000	-\$1,000	-0.04	\$249,817,000	-\$1,000	-0.04
	\$203,076,000	-\$22,000	-11.01	66,644,000	-\$5,000	-7.07	653,732,000	-\$1,000	-0.06
	347,831,000	-\$49,000	-14.24	563,403,000	-\$6,000	-10.26	506,205,000	-\$1,000	-0.07
	444,468,000	-\$87,000	-20.00	114,286,000	-\$1,000	-8.63	600,983,000	-\$1,000	-0.08
	568,129,000	-\$1,200	-0.21	132,347,000	-\$2,000	-1.52	790,913,000	-\$1,000	-0.09
	688,632,000	-\$283,000	-3.30	155,101,000	-\$3,000	-1.96	924,688,000	-\$1,000	-0.10
	769,557,000	-\$2,550,000	-3.22	174,181,000	-\$107,000	-6.06	1,029,255,000	-\$6,000	-0.06
	1,133,561,000	-\$3,080,000	-2.27	207,296,000	-\$157,000	-0.08	1,182,751,000	-\$742,000	-0.06
	1,798,077,000	-\$1,896,000	-1.16	285,000	-\$1,000	-0.35	1,730,732,000	-\$757,000	-0.08
	2,161,571,000	-\$4,545,000	-2.11	335,988,000	-\$1,000	-0.12	1,749,349,000	-\$1,000	-0.07
	2,519,883,000	-\$1,237,000	-3.37	376,668,000	-\$1,000	-0.09	1,928,903,000	-\$1,000	-0.07
	2,865,632,000	-\$9,311,000	-35	416,281,000	-\$1,000	-0.02	2,086,152,000	-\$1,000	-0.02
	3,270,889,000	-\$1,391,000	-3.01	458,422,000	-\$1,000	-0.10	2,526,909,000	-\$1,000	-0.04
	3,670,818,000	-\$1,154,000	-3.33	498,931,000	-\$1,000	-0.12	2,414,284,000	-\$2,307,000	-0.02
	4,165,109,000	-\$2,550,000	-3.36	536,805,000	-\$1,000	-0.09	2,730,813,000	-\$2,532,000	-0.02
	4,600,782,000	-\$19,012,000	-0.41	623,756,000	-\$1,000	-0.12	2,918,462,000	-\$3,370,000	-0.02
	5,088,806,000	-\$28,500,000	-0.44	683,965,000	-\$1,000	-0.09	3,099,732,000	-\$757,000	-0.02
	5,725,336,000	-\$49,000	-0.51	744,218,000	-\$1,000	-0.12	3,305,136,000	-\$1,000	-0.03
	6,237,400,000	-\$43,043,000	-0.51	788,639,000	-\$1,000	-0.09	3,450,289,000	-\$1,000	-0.03
	6,923,245,000	-\$43,780,000	-0.63	863,933,000	-\$1,000	-0.11	3,693,471,000	-\$1,000	-0.03
	7,683,731,000	-\$49,679,000	-0.65	929,762,000	-\$1,000	-0.13	4,175,000	-\$1,000	-0.03
	8,267,392,000	-\$62,417,000	-0.76	976,571,000	-\$1,000	-0.18	4,214,045,000	-\$1,000	-0.03
	8,873,911,000	-\$11,621,000	-1.31	1,018,785,000	-\$1,000	-0.18	4,388,675,000	-\$1,000	-0.03
	9,766,043,000	-\$8,673,000	-0.89	1,126,165,000	-\$1,000	-0.16	4,736,358,000	-\$1,000	-0.03
	10,709,038,000	-\$86,459,000	-1.11	1,209,513,000	-\$1,000	-0.23	4,982,022,000	-\$1,000	-0.03
	11,286,944,000	-\$125,121,000	-1.81	1,342,285,000	-\$2,000	-0.20	5,182,028,000	-\$1,000	-0.03
	11,867,153,000	-\$120,188,000	-1.01	1,477,721,000	-\$1,000	-0.22	5,380,024,000	-\$1,000	-0.03
	12,380,560,000	-\$134,018,000	-1.08	1,522,652,000	-\$1,000	-0.22	5,582,020,000	-\$1,000	-0.03
	13,061,659,000	-\$138,019,000	-1.01	1,583,000	-\$1,000	-0.22	5,702,020,000	-\$1,000	

Mr. CARLSON. Mr. Chairman, in view of Mr. Gamble's suggestion that it is correct, I ask the insertion of this article from the New York Herald Tribune.

The CHAIRMAN. Without objection, that may be done.
(The article referred to is as follows:)

REDEMPTIONS OF WAR BONDS ARE 13 PERCENT OF SALES

AMOUNT BEING CASHED IN INCREASED SHARPLY AFTER WITHHOLDING TAX STARTED

WASHINGTON, November 29.—In 25 days of November \$648,950,914 worth of Series E, F, and G War bonds were sold, but \$146,740,284 worth were redeemed. Redemptions in dollars are not much higher this month than in September and October, but in those 2 months sales were higher in reflection of the War Loan drive.

Since July 1 redemptions have been running at the rate of about 13 percent of total sales, compared with an average of 3½ percent for all of the last fiscal year. Redemptions began to go up as soon as the withholding tax went into effect July 1.

In the last fiscal year \$207,387,899 in bonds was cashed. But in less than 5 months of this fiscal year \$735,748,138 worth has been redeemed, an average of about \$146,000,000 monthly, compared with an average of about \$34,000,000 a month in the corresponding period last year.

Mr. DINGELL. Mr. Chairman.

The CHAIRMAN. Mr. Dingell.

Mr. DINGELL. He did say by that yardstick.

Mr. GAMBLE. Yes; conceivably in 150 years your redemptions will be higher than your sales, because your bonds are maturing.

Mr. DINGELL. In other words, Mr. Gamble, it would not be true if you take the redemptions of the E bonds in the month of November as applied to the sales for that month.

Mr. GAMBLE. That is correct.

Some sponsors of S. 1457 have charged that the Government is indirectly paying the cost of War-bond advertising inasmuch as the individuals engaged in such advertising are permitted, as a practical matter, to charge the cost of the advertising as a part of the cost of operating the business.

I might point out, 75 percent of all of the advertising sent out and prepared by the Treasury Department is locally sponsored. There has been an inference that most of the advertising we are dependent upon for the most part comes from the larger advertisers who fall into the higher brackets of income. That is not true; 75 percent of our advertising comes from thousands upon thousands of smaller merchants in this country, and we have every reason to believe that they have been most enthusiastic with their support to this program.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. You are making a very remarkable statement here, Mr. Gamble, and I want to get all such facts as you are familiar with.

Mr. GAMBLE. Yes, sir.

Mr. REED. Now, do you know anything about to what extent the war contractors are expected to support the advertising of bonds in large newspapers?

Mr. GAMBLE. Do I know to what extent they are expected to?

Mr. REED. Exactly.

Mr. GAMBLE. Well, I do not understand your question, Mr. Congressman. Do you mean, does the Treasury call upon them to do it?

Mr. REED. No. Is there anything in the contract that requires them to do it?

Mr. GAMBLE. No, sir; not to my knowledge, sir. I have never heard of a single instance.

Mr. REED. Do you know to what extent war contractors do sponsor advertising?

Mr. GAMBLE. Well, if you would differentiate between war contractors by saying firms who operated—well, say as a concrete example, General Motors versus some firm that sprang up as a result of the war, in all probability General Motors would be doing more War bond advertising than this new firm, because the new firm has no justification for spending its funds. It has no yardstick by which it can measure its deductible expenditures as an expense.

Mr. REED. I am not talking about the deductibility. I am asking the plain, simple question as to whether or not these war industries, whether they were old industries that went into war business or whether they sprung up since, have been sponsoring these bond drives in their advertising in the big papers?

Mr. GAMBLE. Yes; they have, sir.

Mr. REED. Yes; I thought so.

Mr. WOODRUFF. Mr. Chairman.

The CHAIRMAN. Mr. Woodruff.

Mr. DINGELL. Mr. Chairman, may he finish his statement?

The CHAIRMAN. Very well.

Mr. GAMBLE. Well, I think I would say to you, sir, so we completely understand each other, there has been no solicitation on the part of the War bond people to get those folks to advertise any more than there has been on the part of anyone else.

Mr. REED. Oh, I assume that.

Mr. GAMBLE. I would like to add in addition that I think the total amount of money being spent by all war contractors of every kind and description is a negligible part of our advertising program.

Mr. REED. I assume, of course, that they do not go into this advertising game to a great degree. They do not want to spend their money that way.

Mr. GAMBLE. I think if you gentlemen examine all the evidence we are willing to submit to you, you will find it is a fragment of percentage of war advertisers who come under this question.

The CHAIRMAN. Mr. Woodruff.

Mr. WOODRUFF. Can you tell the committee whether or not the money so spent by businessmen can be charged up as a part of their expense of manufacturing for war contracts?

Mr. GAMBLE. You are talking about war manufacturers now?

Mr. WOODRUFF. Whether or not they are credited with that particular expenditure when they figure their profit and loss.

Mr. GAMBLE. Yes; it is my understanding if the company is a company that has been engaged in business over a period of years and has been spending a sum of money to keep alive its trade name or product name, that it is permitted to charge a sum of money against that. If it is a company that is new, then that is not true.

Do I make myself clear on that?

Mr. REED. Yes.

Mr. DINGELL. Mr. Chairman.

The CHAIRMAN. Mr. Dingell.

Mr. DINGELL. I am not disposed to prolong this discussion and interfere with your statement, but where this money is expended for advertising in an instance like you mention, for example, General Motors, or any other large concern, and I think an automobile concern is a good example to cite as an illustration, they assume the privilege of getting into a patriotic move, to further the sale of War bonds, and at the same time to keep their good name before the public; is that right?

Mr. GAMBLE. I think that is true; yes, sir.

Mr. DINGELL. And I think it is perfectly proper for them to do it.

Mr. GAMBLE. Yes, sir.

Mr. DINGELL. Take an automobile concern like Chrysler, they used to manufacture automobiles. They are out of the automobile business now. They are manufacturing tanks. Well, the average fellow who looks at an advertisement says, well, what is the idea of advertising tanks and featuring the Chrysler name, or the slogan, when better automobiles are built, let us say, Buick will build them. They put that out to keep their name before the public.

Now, there is not a better time to go in for talking of constructing the best tanks in the world, or the best flying ships, or the production of jeeps, but what you tie in with the advertising picture of the minuteman in the purchase of a bond is the name of the sponsor. You are doing three things at one time.

You are informing the people about what you are doing, that you are old manufacturers of a certain well-known automobile, and that you are now urging the public to buy bonds to win the war and bring the boys back as soon as possible. You accomplish three purposes at one time.

Mr. GAMBLE. That is right, sir.

Mr. DINGELL. And there is not any question about it being justified, and that it is a legitimate move on the part of the manufacturer.

Mr. GAMBLE. Yes, sir.

Mr. DINGELL. They throw their force behind the bond drive.

Mr. GAMBLE. Yes, sir.

Mr. DINGELL. But if it was not for that, they would do it without a bond drive. Right now they are doing it without bond drives, are they not?

Mr. GAMBLE. Yes, sir; that is correct.

Mr. DINGELL. Advertising tanks and jeeps and antiaircraft guns, bofors guns, and things of that kind?

Mr. GAMBLE. Yes, sir.

Mr. DINGELL. And paying out of the cost of production for that advertising.

Mr. GAMBLE. Well, that is true, and I might add, Mr. Congressman, that off the record, if I am permitted to speak off the record.

The CHAIRMAN. Yes.

(Discussion off the record.)

Mr. GAMBLE. The great merit of voluntary sponsored advertising has been its ability to induce many advertisers to replace straight commercial copy with war bond copy.

Surveys of the Second and Third War Loan drives indicate pretty clearly where the areas for real improvement in our war bond campaigns really lie. It is not primarily in advertising, rural or otherwise. And in saying this, I want to emphasize as strongly as I know how that no group in our national life has made a greater contribution

to the success of the War Finance program than the rural press of this Nation. From its ranks has developed the rural advertising offensive of which we at the Treasury are so proud. From its ranks have been recruited many of our greatest leaders. In its columns our messages have found thrilling expression and the most faithful support. The militant volunteer support that we have received from this field is in the finest traditions of the free press. It is because of the truly American, volunteer support that we have received from this field in such great measure from the Nation's rural press that we are so reluctant to have the relationship disturbed.

According to the surveys we have made, the real areas for improvement in coming War bond drives lie not in advertising, but in utilizing more fully the opportunities for personal solicitation. Every investigation that we have made and every report we receive from the field underlines again and again the importance of searching out **Mr. John Q. Citizen** at his home, approaching him at the factory bench, calling on him at his office, seeking him out, if necessary, in the field.

This we have begun to do. During the third drive, both in urban and rural areas, solicitors reached more than twice as many people as in the April drive (exhibit F-3, pt. I, F-3, part II). Of more importance, while the solicitation campaign reached many more people than ever before, the effectiveness of solicitation remained undiminished (exhibit F-4, pt. I, F-4, pt. II).

In both drives a minimum of from two and one-half to seven times as many people personally solicited bought bonds compared to those who were not personally solicited. What is more, it was precisely in the nonurban market that the greatest increases in bond buying were evidenced as result of personal solicitation (exhibit F-4, pt. I, F-4, pt. II). It is clear that we have not reached the point of diminishing returns insofar as personal solicitation is concerned.

Selling War bonds is no mystery, gentlemen. Selling War bonds is having a lot of folks calling on a lot of other folks and asking them to buy War bonds. In order to do that you have to create atmosphere in which you can get the most enthusiastic and loyal support of your canvassers. That is what we do and that is one of the most important uses to which we put radio and newspaper advertising.

To us, at the War Finance Division, this means one thing above all, at the present time, that S. 1457 should not be enacted.

The CHAIRMAN. If there are no further questions, we thank you. (The following appendix was submitted by the witness:)

APPENDIX TO THEODORE R. GAMBLE'S STATEMENT ON BILL S. 1457

[War Finance Division, Treasury Department, November 29, 1943]

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FOREWORD

This compilation of measurable advertising includes only the principal media: Radio, newspapers, general magazines, farm papers, business and trade publications, and outdoor. The estimates and statistics are based on actual clippings and checking on the various media and are evaluated on published rate tables available to all national advertisers.

In a public relations campaign which extends far beyond those media made available to commercial national advertisers, the yardstick of dollar evaluation cannot be applied to much of the promotion. For who can attach a substantiated dollar value to signs stenciled on streetcars and busses, to influential and dramatic motion-picture trailers and short subjects, to reminder messages placed on milk bottles and match boxes, on huge banner signs at bank and public building entrances? Even more, who can evaluate a spot gratuitously offered on radio programs like the Jack Benny show? All of these, and literally hundreds of other advertising, publicity, and promotional features, not measurable, are a part of the gigantic campaign which has sold billions of dollars worth of War bonds to the American public.

(Promotional Research Section, War Finance Division, Treasury Department,
November 27, 1943.)

EXHIBIT A. THIRD WAB LOAN

EXHIBIT A-1.—Report on 2,211 daily and Sunday newspapers featuring advertising in support of Third War Loan

	Total number of ads	Percent	Total number of lines	Percent	Value
Treasury mats.....	30,005	33.7	37,061,082	60.2	\$2,947,621.94
All other ads.....	53,942	66.3	24,522,506	39.8	3,749,736.51
Total.....	88,947	-----	61,573,588	-----	6,697,358.45

Source: Report of Advertising Checking Bureau for September.
Promotional Research Section, War Finance Division, Nov. 26, 1943.

**EXHIBIT A-2.—Final report, weekly newspapers featuring advertising in support of
Third War Loan**

	Total number ads	Total number of lines	Average lines per ad	Total column-inches	Value at 40 cents per column-inch	Percent
Sponsored ads.....	53,114	58,902,606	1,109	4,207,329	\$1,682,931.20	96.7
Ads contributed by newspapers.....	10,732	9,073,770	846	648,126	259,250.40	13.3
Total.....	63,846	67,976,376	1,065	4,855,455	1,942,181.60	

NOTE.—Based on measure of ads in 50 percent of weekly newspapers; projected to cover entire [weekly
field]

Source: Promotional Research Section, War Finance Division, Oct. 9, 1943.

EXHIBIT A.-3.—Estimated value for Third War Loan of measurable advertising, contributed in support of war bonds

Media:	Value
Radio	\$12,000,000.00
Daily newspapers (61,573,588 lines)	6,697,358.45
Weekly newspapers (67,976,376 lines)	1,942,181.60
(Total, 129,549,964 lines.)	
General magazines	1,125,000.00
Business magazines	185,000.00
Farm magazines	70,000.00
Outdoor advertising (including car cards and 3 sheets)	1,800,000.00
Total	23,819,540.05

1 Time and talent

Source: Bromet et al.

Source: Promotional Research Section, War Finance Division, Nov. 10, 1943.

EXHIBIT A-4.—Third War Loan—Estimate of time and space contributed in support of War bonds

Media:		hours	3,382
Radio (plus 200,000 announcements)	hours	3,382	
Daily newspapers (61,573,588 lines)	ads	88	947
Weekly newspapers (67,976,376 lines)	do	63	846
General magazines	do		236
Farm magazines	do		55
Business magazines	pages		513
Outdoor advertising (displays in over 15,000 cities)	poster panels and painted bulletins	220,000	

News and editorial space:

Daily newspapers	lines	43,899,660
Weekly newspapers	do	17,326,400
Total	lines	61,226,060

Source: Promotional Research Section, War Finance Division, Oct. 20, 1943.

EXHIBIT A-4a

NATIONAL ASSOCIATION OF BROADCASTERS,
Washington, D. C., October 18, 1943.

Mr. HENRY MORGENTHAU, JR.,

Secretary of the Treasury, Washington, D. C.

DEAR MR. SECRETARY: It gives me considerable pleasure to report to you that the radio industry and its advertisers devoted approximately \$12,000,000 in time and talent to the Third War Loan campaign. This is our estimate based on Office of War Information allocations and individual station activities.

I will state without hesitation that the Third War Loan campaign was the biggest job ever undertaken by the broadcasters of this country. They met the challenge with vigor and enthusiasm and are proud of the magnificent response which achieved new goals, not only in bond sales but in the united efforts of a great people.

Sincerely yours,

NEVILLE MILLER.

EXHIBIT A-5.—Combined value, daily and weekly newspaper advertising, Third War Loan

	Sponsored	Per-cent	Contributed	Per-cent	Total
Daily newspapers.....	\$6,195,056.57	192.50	\$502,301.88	17.50	\$6,697,358.45
Weekly newspapers.....	1,682,931.20	86.70	259,250.40	13.30	1,942,181.60
Total.....	7,877,987.77	91.19	761,552.28	8.81	8,639,540.05

¹ Estimated. Based on sampling made by Promotional Research Section.

Source: Daily—Report of Advertising Checking Bureau. Weekly—Survey by Promotional Research Section. Promotional Research Section, War Finance Division. Nov. 29, 1943.

EXHIBIT B. ADVERTISING, YEAR 1943

EXHIBIT B-1.—Estimated value for year 1943 of measurable advertising contributed in support of War bonds

	Sponsored	Donated	Total
Radio.....	(0)	(0)	\$63,000,000
Daily newspapers.....	\$15,300,000	\$1,700,000	
Weekly newspapers.....	6,300,000	700,000	
General magazines.....	4,500,000	650,000	
Farm magazines.....	50,000	420,000	
Business magazines.....	300,000	960,000	
Outdoor advertising.....	4,619,224	2,130,776	
Car cards.....		100,000	
Total.....	31,069,224	6,660,776	37,730,000
Grand total.....			100,730,000

¹ No estimate obtainable.

Source: Promotional Research Section, War Finance Division, Aug. 13, 1943.

EXHIBIT B-2.—Justification of estimates

RADIO ¹	
War Loans (Second and Third).....	\$19,095,500.00
Song Parade.....	7,529,600.00
Star Parade.....	8,276,930.00
Treasury-network programs.....	2,410,440.00
Spot announcements.....	12,150,000.00
Network allocations.....	13,471,920.00
Total.....	62,934,390.00

¹ War-loan estimates furnished by National Association of Broadcasters. Balance of calculation prepared by Promotional Research Section and reviewed by National Association of Broadcasters.

DAILY NEWSPAPER ADVERTISING ²	
Second War Loan (April).....	3,362,890.92
Third War Loan (September).....	6,697,358.45
10 remaining months, at \$700,000 per month.....	7,000,000.00
Total.....	17,060,249.37

10 percent contributed, \$1,700,000.

² War-loan figures compiled by Advertising Checking Bureau. Balance of calculation prepared by Promotional Research Section.

WEEKLY NEWSPAPER ³	
Second War Loan (April).....	1,201,380.60
Third War Loan (September).....	1,942,181.60
10 remaining months, at \$200,000 per month.....	2,000,000.00
Feature material.....	2,000,000.00
Total.....	7,143,562.20

10 percent contributed, \$700,000.

³ War-loan figures surveys by Promotional Research Section. Balance of calculation made with assistance of Western Newspaper Union.

BUSINESS PUBLICATIONS ⁴	
400 full pages per month.....	960,000.00
Hitchhikes and mentions at 5 per publication per month.....	300,000.00
Total.....	1,260,000.00

⁴ Promotional Research Section, based on actual count. Cost figured at \$200 per page (approved by Eastman Research Organization).

FARM PUBLICATIONS ⁵	
Two-thirds of page in 50 publications per month.....	420,000.00
Hitchhikes and mentions at 3 per publication per month.....	49,500.00
Total.....	469,500.00

⁵ Promotional Research Section, based on actual count. Cost figured at \$1,055 per page computed from actual rates.

GENERAL MAGAZINES	
Based on 8 ads in 1943 in 40 magazines (61 magazines carried "Whose Ocean" actual count) figured at \$2,000 average cost per page.....	640,000.00
Complete hitchhikes in weekly magazines figured at 20 per week at \$2,000 per page.....	2,080,000.00
Complete hitchhikes in monthly magazines figured at 50 per month at \$1,000 per page.....	600,000.00
Mentions per week in weeklies, 250 at \$100 per mention.....	1,300,000.00
Mentions per month in monthlies 500 at \$100 per mention.....	600,000.00
Total.....	5,220,000.00

EXHIBIT B-2.—Justification of estimates—Continued

OUTDOOR ADVERTISING

Estimate from attached letter addressed to Secretary Morgenthau by Mr. L. W. Trester, assistant to the president, General Outdoor Advertising Co. \$6,750,000.00

CAR CARDS

100,000 car cards for entire year figured at nominal value of \$1 each.....	100,000.00
--	------------

APRIL 3, 1943.

Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: The Outdoor Advertising Association of America, under the direction of Mr. H. K. Fulton, Director of War Activities, recently completed the gathering of information with respect to the activities of the membership of that industry during the year 1942 and projected 1943 in connection with the United States Treasury Department advertising program. The details of this are as follows:

During 1942, members of the Outdoor Advertising Association and other operators secured local sponsorship by approximately 6,000 local firms, organizations, and individuals for 41,789 24-sheet posters furnished through this association of Treasury-approved designs and campaigns, the bulk of which was carried on during the last 7 months of the year. The advertising value represented by this local sponsorship was \$1,044,725.

Based on reports received from members and other poster producers, it is estimated that approximately 25,000 posters so produced were sponsored by local firms, organizations, and individuals, on which the advertising value is estimated at approximately \$500,000. On the same basis, it is estimated that 24,000 monthly time units of War-bond displays on painted bulletins were sponsored, having an advertising value of approximately \$1,200,000.

In 1942 the industry was requested to and did contribute to the Treasury Department as a war effort three Nation-wide poster displays as follows:

February 15 to March 15: "Smash the Axis—Pay Your Taxes," 16,157 24-sheet posters; advertising value, \$253,505.

March 15 to April 30: "U. S. Flag Bond and Stamps," 28,944 24-sheet posters; advertising value, \$380,776.90.

December 10 to February 1: "Everybody—Top 10 Percent by New Year," "Top That 10 Percent—Everybody—Every Payday," 15,000 2-mammoth-sheet posters; advertising value, \$100,000.

In addition to these Nation-wide displays, members of the industry contributed at least 10,000 posters and painted displays having an advertising value of over \$200,000.

Also, through the effort of Outdoor Advertising, Inc., national advertisers cooperated in the War-bond promotion by carrying bylines or otherwise conveying the message to the public on 135,174 of their posters displayed by the industry, the advertising value of which was \$1,947,680.91. Likewise, there were 9,432 monthly time units of War-bond messages displayed on painted bulletins, which had an advertising value of approximately \$471,600.

This means that in 1942 the outdoor advertising Industry carried approximately 300,000 Treasury Department war-objective displays on a monthly time-unit basis, having an advertising value of well over \$6,000,000.

In 1943, we believe that the Treasury War-bond campaigns will result in at least 100,000 War-bond posters being sponsored locally, having an advertising value of approximately \$2,500,000.

The industry has already contributed a Nation-wide display of 16,000 "Smash the Axis—Pay Your Taxes" posters having an advertising value of approximately \$250,000, and it is fair to assume that not less than 150,000 national advertisers' posters will carry messages on behalf of War bonds, with an advertising value of at least \$2,000,000.

It is estimated also that there will be between 35,000 and 40,000 monthly time-unit War-bond messages carried on painted displays of national and local advertisers, having an advertising value of approximately \$2,000,000. This would represent a total of over 300,000 displays with an advertising value of approximately \$6,750,000 during 1943.

The above information reflects the efforts of our industry during the year 1942 and our minimum projected efforts for the year 1943. Should there be any other manner in which we can be of service, we shall be glad to review it with you and trust that you will always feel free to call on us at any time.

With kind regards,
Very truly yours,

L. W. TRESTER.

EXHIBIT C. SECOND WAR LOAN

EXHIBIT C-1.—Final report of weekly newspapers featuring advertising in support of Second War Loan

	Total number of ads	Total number of lines	Average lines per ad	Total column-inches	Value at 40 cents per column-inch
First week (through Apr. 17).....	1,682	2,473,688	1,471	176,692	\$70,676.80
Second week (through Apr. 24).....	4,612	6,209,933	1,346	443,567	177,426.80
Third week (through May 1).....	4,637	5,743,318	1,239	410,237	164,094.80
Fourth week (through May 8).....	6,205	7,233,128	1,166	516,652	206,660.80
Fifth week (through May 15).....	4,973	6,372,142	1,281	455,153	182,061.20
Total.....	12,210	22,032,214	1,268	2,002,301	800,920.40
Projected to 75 percent (see note).....	33,164	42,048,321	1,268	3,003,452	1,201,380.60

¹ Represents count of tear sheets received from Western Newspaper Union through May 15.

NOTE.—Western Newspaper Union does not receive checking copies of all weekly newspapers. The above statement shows actual count of ads appearing in, say 50 percent of the weekly field, but of course this 50 percent represents the cream of the weeklies. Therefore we may safely project the totals to arrive at an estimated Nation-wide picture.

Source: Promotional Research Section, War Savings Staff, May 17, 1943.

EXHIBIT D. CANADIAN

EXHIBIT D-1.—REDEMPTION EXPERIENCE WITH SMALL SAVINGS ISSUES IN CANADA

I. War-savings certificates.—War-savings certificates were introduced in Canada on May 27, 1940. Their chief provisions are as follows:

Purchase price (lowest denomination).....	\$4.
Maturity value (lowest denomination).....	\$5.
Years to maturity.....	7½ years.
First redemption date.....	6 months from date of issue.
Maximum holdings.....	\$480 issue price purchased in any 1 year.

Interest rate..... 3 percent—tax-free.

The table below summarizes the more important statistics with respect to these certificates:

1. Total sales through October..... \$250,100,000
2. Total redemptions through October..... 46,400,000
3. Average monthly sales in 1943..... 5,900,000
- but the rate of monthly sales is declining steadily, and has averaged only \$5,400,000 in the last 6 months.
4. Net borrowing through savings certificates constitutes about 3 percent of total net borrowings in Canada since the outbreak of the war.

II. \$50 and \$100 Victory Loan bonds.—Victory Loan bonds of \$50 and \$100 denominations cannot be redeemed, of course, in the manner in which savings certificates are redeemable, but the public can dispose of its holdings by selling them to the banks. The following table shows the percentages of such bonds which have been resold by the original purchasers.

Resales of \$50 and \$100 Canadian Victory bonds (based on number of bonds issued through April 1943 and number resold through September 1943)

	\$50	\$100
	Percent	Percent
First Victory Loan: June 1941-27 months.....	32	13
Second Victory Loan: February to March 1942-19 months.....	37	16
Third Victory Loan: October to November 1942-11 months.....	35	14
Fourth Victory Loan: April to May 1943-4½ months.....	(1)	(1)

¹ Information not yet available.

Source: Office of the Secretary, Division of Research and Statistics, Dec. 1, 1943.

EXHIBIT E. CHARTS

How Many Were AWARE of the Campaign?

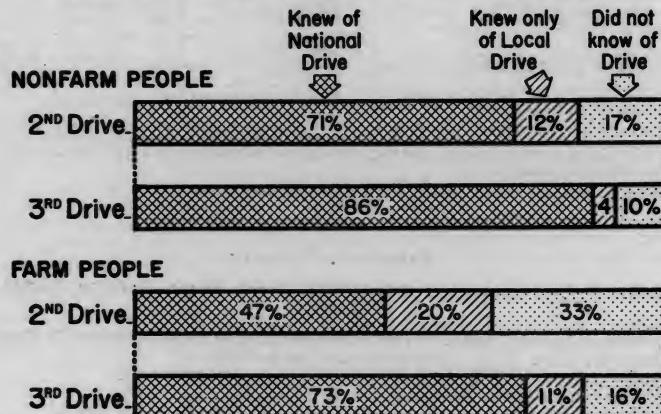


EXHIBIT F. BUREAU OF AGRICULTURAL ECONOMICS SURVEYS

EXHIBIT F-1

DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C., November 18, 1943.

MEMORANDUM

To: Harold Mager, War Savings Staff.
From: John B. Lansing, Division of Program Surveys.
Subject: Sale of bonds in September in counties with no town of 10,000 population.

In response to your request you will find attached tables comparing the purchases of War bonds in September by individuals who live in counties in which there is a town of 10,000 population with purchases by individuals who live in counties with no large town.

The tables show that there is no appreciable difference between the two groups in the proportion of the population who bought extra bonds in September. Among the nonfarm population exactly as many individuals bought in counties with a large town as in counties with no large town (table 1). Among the farm population the table shows a difference of 3 percent between the two groups (table 2). This difference is well within the error due to chance fluctuations which is to be expected in a sample of the size used in constructing table 2.

Similarly there is no reliable difference in the amount of bonds purchased between nonfarm people who live in counties with a town of 10,000 or over and those who live in counties with no large town.

TABLE 1.—Bond buying of the nonfarm population in counties with no town of 10,000 compared to bond buying of the nonfarm population in counties with towns of 10,000 or over

	Nonfarm population	
	Live in counties with towns of 10,000 or over	Live in counties with no town of 10,000
Bond buying in September		
Increased bond purchases in September.....	39	39
Did not increase bond purchases in September.....	61	61
Total.....	100 N=946	100 N=238

TABLE 2.—Bond buying in September by farmers who live in counties in which there is a town of over 10,000 population compared to other farmers

	Farmers in counties with a town of 10,000 or over		Farmers in counties with no town of 10,000	
	Percent	Percent	Percent	Percent
Bond buying in September				
Bought extra bonds.....	41	38	59	62
Did not buy extra bonds.....	59	62	41	38
Total.....	100 N=102	100 N=294	100 N=946	100 N=238

TABLE 3.—Amount of extra bonds bought in September by the nonfarm population

	Amount purchased in September		Nonfarm people living in counties with a town of 10,000 or over		Nonfarm people living in counties with no town of 10,000	
	Percent	Percent	Percent	Percent	Percent	Percent
\$25.....	9	15	15	15	10	15
\$50-\$75.....	15	8	8	10	15	10
Over \$100.....	8	68	68	65	8	65
Bought no extra bond.....	68	100	100	100	68	100
Total.....	100 N=946	100 N=238	100 N=946	100 N=238	100 N=946	100 N=238

EXHIBIT F-2

DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C., November 19, 1943.

MEMORANDUM

To: Harold Mager, War Savings Staff, Treasury Department.
From: John B. Lansing, Division of Program Surveys.
Subject: Comparisons between counties with towns of population of 10,000 or over and counties with no towns of population of 10,000.

In response to your suggestion, here are some data in addition to those in our memorandum of November 18, comparing counties which contain towns of 10,000 or over with counties in which there is no large town.

The first table shows that the nonfarm population in counties with no town of 10,000 has a lower income than the nonfarm population in counties containing large towns (table 1). There is a larger proportion of the people in each of the low-income groups in the counties with no large town. On the other hand the proportion of the people in each of the income groups over \$45 a week in the counties which contain towns of 10,000 or over is larger than the proportion of the people in these higher income groups in the counties with no large town.

Table 1 of our memorandum of November 18 showed that exactly as large a proportion of the nonfarm population bought bonds in counties with large towns as in counties without large towns. Since the income of people in counties with no large town is lower, it appears that they were more adequately covered by the drive, as many of them bought extra bonds in spite of their lower income.

In April about the same proportion of the nonfarm population in each of the two groups of counties increased their bond purchases (table 2). This was not true of the farm population. More of the farmers bought extra bonds in April in counties which contain a town of 10,000 or over (table 3). This situation changed between April and September, as is shown in table 2 of the memorandum of November 18. In September about the same proportion of the farmers bought bonds in counties with a town of over 10,000 as in counties with no large town.

TABLE 1.—*Distribution of income among the nonfarm population in counties with a town of 10,000 or over compared to counties with no town of 10,000*

Weekly income in September	Counties with a town of 10,000 or over		Counties with no town of 10,000	
	Percent	Percent	Percent	Percent
\$0-\$25	22	33		
\$26-\$35	13	16		
\$36-\$45	16	19		
\$46-\$55	17	13		
\$56-\$65	12	10		
\$66-\$75	7	5		
Over \$75	13	4		
Total	100	100	N=846	N=224

TABLE 2.—*Bond buying of the nonfarm population in April by types of county*

Bond buying in April	Nonfarm population	
	Live in counties with towns of 10,000 or over	Live in counties with no towns of 10,000
Increased bond purchases	Percent	Percent
Did not increase bond purchases	20	23
	80	77
Total	100	100
	N=714	N=154

TABLE 3.—*Bond buying of the farm population in April, by type of county*

Bond buying in April	Farm population	
	Live in counties with towns of 10,000 or over	Live in counties with no towns of 10,000
Bought extra bonds	Percent	Percent
Did not buy extra bonds	32	20
	68	80
Total	100	100
	N=104	N=337

EXHIBIT F-3

UNITED STATES DEPARTMENT OF AGRICULTURE, BUREAU OF AGRICULTURAL ECONOMICS

AN APPRAISAL OF THE THIRD WAR LOAN DRIVE

PART I

IDENTIFICATION AND MOTIVATION—PRELIMINARY TABULATIONS

Restricted—For administrative use only

[Report No. 78-I. Program Surveys Division, October 18, 1943]

INTRODUCTION¹

The material presented in the following pages is based on preliminary tabulations of a portion of the nonfarm interviews made as a part of the appraisal of the Third War Loan. Discussion is restricted to the phases of the survey which have relevance to the various forms of publicity. While care has been taken to present only the conclusions which can be made with confidence, the tabular material has not been audited and may, therefore, contain errors. Further analysis of this material and the remainder of the sample will be reported at a subsequent time.

A total of 450 interviews with people not engaged in farming comprises the sample under discussion. Sample points for the survey were the following cities: New York, N. Y.; Chicago, Ill.; Detroit, Mich.; and Los Angeles, Calif. In addition, the following counties were sampled: Lackawanna, Pa.; Clarke, Ga.; Natchitoches, La.; Rockland, N. Y.; Santa Cruz, Fla.; Sanilac, Mich.; Jackson, Mo.; Leon, Fla.; Hamilton, Ill.; Hennepin, Minn.; Bennington, Vt.; Howard, Nebr.; Custer, Nebr.; Douglas, Kans.; Giles, Va.; Cumberland, Maine; and Worth, Iowa.

Division of Program Surveys

SEPTEMBER 13, 1943

OBJECTIVES FOR A STUDY OF THE THIRD WAR LOAN DRIVE

After the Second War Loan drive the Division of Program Surveys conducted a Nation-wide survey for the purpose of evaluating the campaign. As a result of this study certain changes were made in the Third War Loan campaign. The purpose of the present study is to make a similar evaluation of the Third War Loan with special reference to determining the effect of these changes and making a detailed comparison of the two drives.

I. Identification of the campaign.

1. How many people heard about the Third War Loan drive? Was there any significant number of people who were not fully aware of the drive? If so, who were they? Were they reached by the drive in any way?

2. What do people believe was the objective of the campaign? Did they know about the individual quotas?

3. How successful was the device of giving recognition badges to bond buyers? Should recognition badges be used in more communities? How can they be used most effectively?

¹ This study was conducted for the Treasury Department.

II. Participation in the campaign.

1. How many people actually bought bonds as a result of the campaign? How many bought bonds for the first time? How many bought extra bonds? How many started to participate in pay-roll deduction? How many increased their participation in pay-roll deduction?

2. Who are the people affected by the campaign? Did the drive succeed in reaching all types of people who are financially able to buy extra bonds? To what extent did people think of the campaign as aimed at large buyers?

3. How many people bought according to an individual quota? How many bought a \$100 bond? How many bought according to some other quota?

4. How many people saved up their money in order to buy a bond during the campaign? How many postponed buying bonds so that they could buy them during the drive? Did people buy bonds out of some form of savings or from current income?

III. Motivation for bond buying.

1. What appeals were effective in getting people to increase their buying during the campaign? Were there any particular appeals which worked especially well? What was the effect of the collapse of Italy?

2. What changes have occurred in the reasons people buy bonds? What are the trends in the frequency with which people give different reasons for buying bonds since the Second War Loan study and earlier studies?

3. In what ways have military successes affected people's attitude toward War bonds? Do people think that it is no longer as important to buy bonds? How do people expect their economic situation to change when the war ends? Are they buying bonds to tide them over a post-war depression? How and when do they plan to spend money from their bonds?

4. How many people were deterred from buying extra bonds in September as a result of the September 15 income-tax return?

IV. Implementation for obtaining actual sales.

1. How did the personal visitation campaign work? How many people in each income group were reached by solicitors? What reactions did people have to the solicitation? What did the successful solicitors tell their prospective buyers? Who were the successful solicitors? What organization did they represent? Were they men or women?

2. How many people bought bonds through different outlets? How well satisfied were people with the service received from different outlets? How satisfactory were the different methods of delivering the bonds?

FINDINGS*Participation and solicitation.*

1. The Third War Loan drive sold bonds to many more people than did the Second. Among the nonfarm population, 35 percent of the gainfully employed increased their bond purchases in September compared to 20 percent in April (tables 1 and 2).

2. The solicitation campaign in September reached about twice as many people as in April. Forty-seven percent of those gainfully employed were asked to buy individually or in a group during the third drive (table 3).

3. Even though the solicitation campaign reached many more people than before, the effectiveness of solicitation remained undiminished. In both drives more than two and one-half times as many of those solicited bought bonds as those who were not solicited (table 4).

4. The proportion of the population who increased their purchases without being solicited increased from 16 percent to 20 percent. This and other evidence indicate that the total impact of the third drive, apart from solicitation, was greater than that of the second.

Identification.

5. The publicity in the Third War Loan drive reached more people than in the Second. Eighty-five percent of the nonfarm population were aware of a national drive in September compared to 71 percent in April. The number of people who did not know that a national drive was going on was half as large in September as in April (tables 5 and 6).

Fifty-five percent of those interviewed gave the name of the drive before the interviewer mentioned it. An additional 28 percent said they recognized the

"Third War Loan" when the interviewer asked them. Fourteen percent said that they had not heard of the Third War Loan (table 7).

6. Another example of the increased awareness of the campaign is the fact that 19 percent more of the population mentioned a community or national quota in September than in April (table 8).

7. In April, people escaped the pressure of the drive in two major ways. Some said that they were doing their share already and some said that they could not afford to buy extra bonds. The campaign to sell extra bonds in September closed the first of these two avenues of escape. Whereas 20 percent of those who did not buy in April said that they were doing their share already, only 6 percent gave this reason in September (table 9).

8. In April, it was particularly easy for people on pay-roll deduction to escape the pressure of the drive by saying that they were doing their share already. In September, people on pay-roll deduction found it more difficult to take this avenue of escape. In keeping with this change, the proportion of those on pay-roll deduction who increased their bond purchases rose from 26 percent to 46 percent (table 10).

9. One important way in which people were made to realize that they were expected to put extra money into bonds during the drive was the individual quota of a \$100 bond. Twenty-three percent of the nonfarm population reported that people were expected to buy an extra \$100 bond. It is of particular interest that of this 23 percent, 27 percent did buy an extra \$100 bond (6 percent of the total nonfarm population) (table 11).

10. The major reason which people now give for not buying extra bonds is that they cannot afford to buy. Sixty-seven percent of those who did not buy extra bonds in September give this reason for not buying. While the September 15 income-tax payment undoubtedly contributed to the feeling that they could not afford to buy, only 1 percent of those who did not buy mentioned the tax payment as a reason for not buying (table 9).

Motivation.

11. When asked what type of promotion they liked best, people mentioned the radio more often than any other type. In general, the preferred types of promotion are the same as in the second drive. In order of frequency of mention they are:

- Radio publicity
- Special promotion (rallies, displays, booths, etc.)
- Personal solicitation
- Gifts and admissions with bonds
- Movies
- Posters
- Slogans
- Newspaper publicity
- Quotas

The single item of promotion which attracted the widest attention was Kate Smith's day on the air. It was mentioned in 5 percent of the interviews (table 12).

12. Even when given an opportunity to complain about annoyances in bond promotion, most people found nothing to criticize. The number of complaints is about the same as in the second drive, even though more people were aware of the drive, and, in general, more pressure was put upon them. The following are the most common complaints in order of frequency:

- Ballyhoo sales techniques
- Forcing people to buy
- Excessive repetition on the radio
- Use of atrocity stories
- Bribery people to buy
- Interrupting movies to sell bonds
- Interrupting radio programs to sell bonds
- Having movie stars sell bonds

These annoyances fall generally into three groups, ballyhoo, pressure, and nuisance. Objections to ballyhoo are now more frequent than they were in the second drive (table 13).

13. In general the conclusions concerning motivation which were reached following the second drive still apply. Consistent with the emphasis in publicity

there has been a slight increase in the number of people who state that the Government wants people to buy for patriotic reasons and a corresponding decrease in the mention of other reasons that the Government wants people to buy (tables 15-18).

Due to the requirements of time which have been placed upon this analysis, it has been impossible to make the rather complicated calculations needed in order to estimate the relative effectiveness of the various appeals. Since the total situation in regard to motivation appears to have changed so little, however, it is reasonable to assume that the following types of reasons for buying bonds are still effective:

- To help a member of the family in the armed services.
- To invest money safely.
- To preserve the American way of life.
- To prevent inflation.
- To save for a post-war depression.
- To save for some specific post-war use.

14. The possibility that people might be deterred from buying bonds because they think the war will be over soon has not yet developed. Only a few people believe that the war will be over before the end of the year, and only when the end seems very near does it appear that people might let up on their bond buying. An example of the sort of let-up which might develop was the short period between the announcement of the collapse of Italy and the development of the resistance at Salerno (tables 19 and 20).

15. Japan appears in many ways to be a more strongly emotional symbol of the enemy than does Germany. In the first place, it is felt that the war with Japan will last longer than the war with Germany. Secondly, the Japanese are viewed as an utterly different sort of being. Terms used to describe them are like the following: "Ungodly, subhuman, beastly, sneaky, and treacherous." It should not be assumed, however, that people feel that Japan is our major military and political enemy. People frequently assert that once Germany is defeated Japan will collapse soon thereafter.

RECOMMENDATIONS

1. The greatest obstacle to a further increase in bond sales is the feeling people have that they cannot afford to buy more bonds. The rising cost of living, increased taxes, and talk about further increases in taxes, all are mentioned as reasons for not buying bonds. For many people these reasons are genuine, but for others they serve merely as a way of escaping pressure. It should be a major objective of the next drive to close off this avenue of escape by convincing people that they can afford to buy more bonds.

2. It is important to continue the emphasis upon selling extra bonds during the time of the drive and to continue to tell people the specific amount they are expected to buy.

The individual quota should be adjusted, however, to variations in income by some such formula as 2 weeks pay. It appears desirable to link up the quota with the individual's other regular purchases. Thus, it might be possible to set as a quota the investment of 30 percent of a month's pay in bonds counting pay-roll deduction.

3. In designing promotion for the next drive care should be taken to avoid a possible let-down in buying due to military successes in Europe. Using Japan as the symbol of the enemy and stressing post-war personal advantages of bond ownership should help in this respect.

4. The general theme that buying bonds is participating directly in the war still promises to be effective. People should be made to feel that by buying bonds they have a personal part in the Nation's war effort.

5. There are indications that people resent some of the forms of promotion which might be classified as ballyhoo. Combined with the attacks upon this type of promotion which have come from some sections of the press, it deserves attention. The significant thing to watch is that the appeals to bond buying be dignified, direct, and sincere. People view bond buying as a patriotic or business matter and believe that it should be treated in a serious and dignified way.

6. To counteract a tendency on the part of some people to feel that the Treasury is only interested in large sales, it is desirable to develop a technique of promotion which recognizes sacrifices which smaller buyers make in buying bonds. Examples of individuals with modest resources who are sacrificing to buy bonds might be played up in the publicity.

TABLE 1.—How many people bought extra bonds during the drive

	Second drive	Third drive
	Percent	Percent
Bought first bond.....	1	1
Started pay-roll deduction.....	20	35
Increased pay-roll deduction.....	2	3
Bought extra bonds.....	15	30
Made no increased purchase.....	74	62
Not ascertained.....	6	3
Total.....	100	100
	N=884	N=450

TABLE 2.—Percentage of each occupation who bought during drives

Occupation	Second drive	Third drive	Number of cases (third drive)
	Percent	Percent	
Skilled workers.....	21	30	59
Professional and managerial.....	31	49	60
Independent businessmen.....	28	58	38
Clerical and sales.....	25	36	59
Semiskilled and unskilled workers.....	18	30	124
Service workers.....	13	28	36
Retired, students, unemployed.....	16	17	52

TABLE 3.—How many people were asked to buy during the September Campaign

Asked to buy	Second drive	Third drive
	Percent	Percent
Asked to buy or was solicitor.....	24	47
Not asked to buy.....	75	50
Not ascertained.....	1	3
Total.....	100	100
	N=884	N=450

EXHIBIT F-4

TABLE 4.—Effectiveness of personal solicitation

	Asked to buy	Not asked to buy
	Percent	Percent
IN SECOND DRIVE		
Bond buying in April:		
Bought extra bonds or increased pay-roll deduction in April.....	43	16
Did not increase bond buying in April.....	52	82
Not ascertained.....	5	2
Total.....	100	100
	N=189	N=688
IN THIRD DRIVE		
Bond buying in September:		
Bought extra bonds or increased pay-roll deduction in September.....	52	20
Did not increase bond buying in September.....	45	79
Not ascertained.....	3	1
Total.....	100	100
	N=161	N=229

TABLE 5.—*Awareness of the campaign*

Degree of awareness	Second drive	Third drive
	Percent	Percent
Has no knowledge of the campaign	16	10
Aware of special local drive, does not know it was related to a national drive	12	6
Aware of a national drive but does not know of it as the Second or Third War Loan	4	8
Aware of the Second or Third War Loan by name but knows it only as an increase in publicity	25	15
Aware of the Second or Third War Loan drive by name and knows some details of the drive	42	62
Awareness not ascertained	1	(1)
Total	100 N=873	100 N=450

¹ Less than 1 percent.TABLE 6.—*Awareness of campaign as related to weekly income of family*

Degree of awareness	Weekly income			
	\$0-\$25	\$26-\$45	\$46-\$65	\$66 and over
	Percent	Percent	Percent	Percent
Did not realize there was a special campaign	13	11	5	9
Knew only of local drive	8	3	3	5
Knew of national drive, but not by name	12	10	5	6
Knew of Third War Loan, but only as an increase in publicity	23	17	11	12
Knew of Third War Loan as more than increase in publicity	44	59	76	67
Not ascertained	0	0	0	1
Total	100 N=77	100 N=97	100 N=96	100 N=126

TABLE 7.—*Number of people who heard of the Third War Loan*

Number of people who heard of the Third War Loan	Percent
Gave the name Third War Loan themselves	55
Said they recognized the name Third War Loan when it was mentioned	28
Said they had not heard of the Third War Loan	14
Not ascertained	3
Total	100 N=450

¹ In about a quarter of these interviews the person answered the questions in such a way that it was judged that he was not actually familiar with the name of the drive.

TABLE 8.—*Spontaneous mention of quotas*

Quotas mentioned	Second drive	Third drive
	Percent	Percent
Mentioned both national and local quotas	5	13
Mentioned national quota	11	10
Mentioned local quota	15	22
Mentioned a quota, but not clearly identified	11	16
Mentioned neither national nor local quota	58	39
Total	100 N=873	100 N=450

TABLE 9.—*Reasons people give for not buying extra bonds during drive¹*

Reasons	Second drive	Third drive
	Percent	Percent
Never heard of the campaign	15	10
Said they could not afford to buy	36	65
Said they had to pay the Sept. 15 income tax and therefore were unable to buy		1
Said they were doing their share already	13	4
Said both that they could not afford it and that they were doing their share already	7	2
Gave no reasons	29	18
Total	100 N=681	100 N=277

¹ Includes only that part of population who did not buy extra bonds in April.TABLE 10.—*Changes in bond buying during the drives as related to usual method of purchase*

	DURING SECOND DRIVE		
	Usual method of purchase		
	Pay-roll deduction	Own regular system	Irregular
Purchases during April:			
Bought extra bonds or increased pay-roll deduction	26	45	24
Did not buy extra bonds	73	54	71
Not ascertained	1	1	5
Total	100 N=370	100 N=75	100 N=240

DURING THIRD DRIVE

Purchases during September:	46	50	42
Bought extra bonds or increased pay-roll deduction	50	56	56
Did not buy extra bonds	4	0	2
Not ascertained			
Total	100 N=188	100 N=36	100 N=120

TABLE 11.—*How much were individuals expected to buy?*

Reported quota	Percent
Extra \$100 bond	123
Extra \$25 bond	1
2 weeks' pay	(1)
Some other definite amount	3
Buy an extra bond, amount not specified	4
Heard of particular amount	65
Not ascertained	4
Total	100 N=450

¹ Of this 23 percent, 27 percent did buy an extra \$100 bond.² Less than 1 percent.

TABLE 12.—*Types of promotion found most appealing*

Types of promotion	Second drive	Third drive
	Percent	Percent
Radio publicity	14	18
Rallies, booths, displays, etc.	8	9
Posters	6	2
Personal solicitation	4	9
Slogans	4	1
Movies	2	3
Newspaper publicity	2	1
Quotas	1	1
Gifts and admissions given with bonds	0	4
Mentions nothing relevant to the campaign	59	52
Total	100 N=873	100 N=450

TABLE 13.—*What sorts of things about the way they have been trying to sell bonds annoy you?*

Type of annoyance	Second drive	Third drive
	Percent	Percent
Nothing mentioned	85	85
Forcing people to buy	3	2
Excessive repetition on radio	3	1
Asking people who are doing their share already	1	(1)
They don't put enough pressure on people with money	1	(1)
Interrupting movies to sell bonds	1	(1)
Interrupting radio programs to sell bonds	1	(1)
They didn't visit everybody	1	(1)
Door-to-door canvassing	1	1
Having movie stars sell bonds	(1)	(1)
Use of soty stories	(1)	1
Sound trucks and street rallies	(1)	0
Using soldiers to sell bonds	(1)	0
Ballyhoo sales techniques	0	3
Bribing people to buy	0	1
Solicitation in stores and restaurants	0	1
The whole campaign	0	1
Total	100 N=873	100 N=450

¹ Less than 1 percent.TABLE 14.—*Reasons for buying given by those who bought extra during the drives*

Reasons	Second drive	Third drive
	Percent	Percent
Because they had the campaign (could not attribute reason more specifically)	24	33
Because I was personally asked to buy	19	16
Because they asked me at work	10	22
Because I had extra money at that time	14	4
To help fill the quota	11	10
As a result of a rally, exhibit, etc.	8	5
As a result of newspaper, movie, and radio publicity	(1)	1
Because I was a solicitor	(1)	2
I would have bought anyway	12	5
Don't know why	2	2
Total	100 N=195	100 N=173

¹ Less than 1 percent.TABLE 15.—*Reasons people give for buying bonds*

Reasons	Second drive	Third drive
	Percent	Percent
PATRIOTIC		
Country needs money to win war	150	154
It is a patriotic duty	11	11
Help a member of family in the service	12	7
Preserve the American way of life	3	4
Get the war over sooner	9	6
PERSONAL ECONOMIC		
Save for use after the war	10	7
You get a high rate of interest	25	28
It is a safe investment	21	21
You not only save but help the country too	15	7
If I didn't buy bonds, I wouldn't save	18	17
If bonds aren't good after the war, nothing will be	10	6
Save against a post-war depression	4	5
Save for some specific post-war use	3	5
NATIONAL ECONOMIC		
Help prevent inflation	17	16
Help keep taxes down	4	6
Keep people from spending money foolishly	4	5
Prevent a post-war depression	1	(1)
Total	N=873	N=450

¹ These percentages total to more than 100 percent, because many respondents gave more than 1 reason for buying bonds.² Less than 1 percent.TABLE 16.—*What do you think is the most important reason to buy bonds?*

Reasons	Second drive	Third drive
	Percent	Percent
Help the country pay for the war	70	63
Help the boys	8	11
Bonds are a good investment	5	5
Bonds are a good way to save	4	4
It is one's patriotic duty to buy	3	5
Prevent inflation	3	2
Aid friends or relatives in the service	2	2
Preserve the American way of life	1	3
Miscellaneous	1	1
Don't know	3	4
Total	N=873	N=450

TABLE 17.—*Why do you think the Government is anxious to get people to buy bonds*

Reasons	Second drive	Third drive
	Percent	Percent
To prevent inflation	16	12
To provide post-war security	5	2
To prevent depression	1	(1)
To get people to save their money	10	5
To make people war conscious	4	2
To provide an alternative to taxes	2	3
To finance the war, help the soldiers	57	68
Not ascertained	5	8
Total	N=884	N=450

¹ Less than 1 percent.

TABLE 18.—*Plans for using bond money given by bond owners*

Plans	Second drive	Third drive
	Percent	Percent
Help the children (education, etc.)	16	13
Buy a home or farm	13	10
Keep an emergency fund	5	8
Funds for old age	6	7
Reserve in a post-war depression	2	1
Buy household furnishings, car, etc.	3	1
Travel	1	1
Pay debts and taxes	(1)	2
Put into a business	(1)	2
Miscellaneous plans	2	3
Has no plans	51	52
Total	100	100
	² N = 703	² N = 357

¹ Less than 1 percent.² Number of people owning bonds about whose plans information could be obtained.TABLE 19.—*Relation between how long respondents think the war with Germany will last and buying of extra bonds during September*

When war with Germany will end?	Bought extra bonds	Number of interviews
Percent		
Will end in 1943	30	20
Will end in the first half of 1944	45	79
Will end in the last half of 1944	36	111
Will end in 1945	36	50
Will end later than 1945	40	20
Don't know when it will end	33	121

TABLE 20.—*Relation between how long respondents think the war with Japan will last and buying of extra bonds during September*

When war with Japan will end?	Bought extra bonds	Number of interviews
Percent		
Will end in 1943	(1)	-----
Will end in the first half of 1944	(1)	-----
Will end in the last half of 1944	42	38
Will end in 1945	36	83
Will end later than 1945	44	96
Don't know when it will end	35	147

¹ Less than 2 percent of sample.

Division of Program Surveys.

SEPTEMBER 28, 1943.

Bureau of Agricultural Economics.

Budget Bureau No. -----

Approval expires -----

QUESTIONNAIRE—APPRaisal OF THE THIRD WAR LOAN

1. Have you heard more than usual about War bonds since the 1st of September?
2. What sort of things have you heard?
3. Has there been any special drive to sell War bonds?
4. What did they do?
5. What did they call the drive?
6. Which of these slogans have you heard most around here since the 1st of September?
 - (a) "They give their lives, you lend your money."
 - (b) "Back the attack."
 - (c) "You've done your bit, now do your best."

7. What sorts of things about the ways they've been selling War bonds in the last month or so do you like best?
8. Anything else?

9. What sorts of things about the way they've been trying to sell bonds in the last month or so annoy you?
10. Anything else?

If not mentioned already:

11. Have you heard of the Third War Loan?
12. What sorts of things have you heard?

If knows of special drive:

13. In your opinion how did the drive go over?
14. Do you think it's a good idea to have special campaigns to sell War bonds?
15. Why?

We're interested in finding out how people get started buying bonds.

16. Do you happen to own any bonds?

FOR THOSE WHO OWN NO BONDS, ASK ONLY THE QUESTIONS ON PAGES 5 AND 6.
FOR THOSE WHO DO OWN BONDS, OR WHOSE BREADWINNERS OWN BONDS, CONTINUE HERE:

17. How did you get started buying them?
18. When did you buy your first one?
19. How do you usually buy your bonds?

If R or breadwinner is on pay-roll deduction:

20. What percent of your pay are you putting into bonds?

If R or his breadwinner buys regularly on his own plan:

21. How many bonds do you usually buy? (Time interval and amount).
22. Do you buy bonds any other way besides that?

Another thing we're interested in knowing is:

23. What do you think about War bonds?
24. What do you think is the most important reason to buy War bonds?
25. Anything else?

26. Did anyone come around to your house and ask you to buy bonds during September?

27. Did anybody ask you to buy at work? (R or R's breadwinner?) (Asked individually or in a group?)

28. Were you asked to buy bonds anywhere else? Where?

If R was asked to buy:

29. Did the person who asked you to buy represent any special organization?
30. What did he say?
31. What reasons did he give for buying bonds?
32. Did he suggest the amount of bonds you should buy?
33. How did you feel about that?
34. Have you bought any (other) extra bonds since the 1st of September?

If bought extra bonds:

35. How many did you buy? (Total maturity value?)
36. How did you happen to buy them at that time?

If did not buy extra bonds:

37. Was there any particular reason why you didn't buy any extra bonds in September?
38. Have you decided to change the regular amount you usually put into bonds since the 1st of September?
39. What changes did you make? (From what percent to what percent?)
40. How did you happen to change?
41. Was the change just for September?

If R or breadwinner has bought extra bonds:

We're interested in finding out whether people are getting good service when they buy extra bonds.

42. Where did you buy these extra bonds?
43. How did you get them? (How were they delivered to you?)
44. How long did it take?

45. Did you buy the bonds as a member of some organization?
 46. Where did you get the money to buy them; out of money you had saved, or out of your current income?
 47. Did you put off buying before September so you could buy your bonds during September?
 48. Did they give you a pin or something to show that you had bought a bond?
 49. What would (did) you think of the idea?

If given a pin:

50. Did you wear the pin?
 51. Was there any particular reason why you didn't wear it?
 52. Are there any other members of your family working?

If yes to 52:

53. Do they have bonds taken out of their pay where they work?

If yes to 53:

54. Have they had the amount changed since the 1st of September?
 55. What changes did they make? (From what percent to what percent?)
 56. Was the change just for September?
 57. Do you know whether anyone asked them to buy during September?

If yes to 57:

58. Where were they asked to buy?
 59. Did they buy any bonds then?
 60. Have you heard anything about each person being expected to buy a certain amount of bonds this September?
 61. How much were they expected to buy?
 62. How did you feel about that?
 63. Do you think people are being asked to buy more bonds than they can afford?
 64. How about you? (Do you think you have been asked to buy more than you can afford?)
 65. We've touched on this already, but let me be sure I understand how you feel—why do you think the Government is anxious to get people to buy war bonds?
 66. Have you made any special plans for using the money from your bonds? (What?)
 67. What do you think things will be like for you personally after the war?
 68. How long do you think the war with Germany will last?
 69. How long do you think the war with Japan will last?

NOTE.—Questions in purple are to be asked of all respondents.

Questions in red are asked of some respondents and not of others.
 Whether they are asked depends on the answers to previous questions.

CONCLUDING PORTION OF QUESTIONNAIRE FOR THOSE WHO OWN NO BONDS

- Another thing we're interested in knowing is:
 23. What do you think about War bonds?
 24. What do you think is the most important reason to buy War bonds?
 25. Anything else?
 26. Did anyone come around to your house and ask you to buy bonds during September?
 27. Did anybody ask you to buy at work? (R or R's breadwinner?)
 28. Were you asked to buy bonds anywhere else? Where?

If R was asked to buy:

29. Did the person who asked you to buy represent any special organization?
 30. What did he say?
 31. What reasons did he give for buying bonds?
 32. Did he suggest the amount of bonds you should buy?
 33. How did you feel about that?
 52. Are there any other members of your family working?

If yes to 52:

53. Do they have bonds taken out of their pay where they work?

If yes to 53:

54. Have they [had] the amount changed since the first of September?
 55. What changes did they make? (From what percent to what percent?)

56. Was it just for September?
 57. Do you know whether anyone asked them to buy during September?
If yes to 57:
 58. Where were they asked to buy?
 59. Did they buy any bonds then?
 60. Have you heard anything about each person being expected to buy a certain amount of bonds this September?
 61. How much were they expected to buy?
 62. How did you feel about that?
 63. Do you think people are being asked to buy more bonds than they can afford?
 64. How about you? (Do you think you have been asked to buy more than you can afford?)
 64a. (If not already covered.) Is there any particular reason why you haven't happened to buy any bonds?
 65. We've touched on this already but let me be sure I understand how you feel—why do you think the Government is anxious to get people to buy war bonds?
 67. What do you think things will be like for you personally after the war?
 68. How long do you think the war with Germany will last?
 69. How long do you think the war with Japan will last?

UNITED STATES DEPARTMENT OF AGRICULTURE, BUREAU OF AGRICULTURAL ECONOMICS

AN APPRAISAL OF THE THIRD WAR LOAN DRIVE

PART II

IDENTIFICATION AND MOTIVATION—A COMPARISON OF FARM AND NONFARM POPULATIONS—PRELIMINARY TABULATIONS

Restricted—For administrative use only

[Study 78-II. Program Surveys Division, October 26, 1943]

INTRODUCTION¹

The material presented in the following pages is a comparison of the preliminary tabulations of the farm population with those of the nonfarm population which were presented in the report, "An Appraisal of the Third War Loan Drive: Part I, Identification and Motivation." Interpretation of these findings should be made only in conjunction with the discussion in the above report.

While care has been taken to present only the conclusions which can be made with confidence, the tabular material has not yet been audited and may, therefore, contain errors. Further analysis of this material will be reported at a subsequent time.

A total of 223 interviews with people engaged in farming comprises the sample of farmers. There are 450 interviews with people not engaged in farming.

Sample points for the survey were the following cities: New York, N. Y.; Chicago, Ill.; Detroit, Mich.; and Los Angeles, Calif. In addition, the following counties were sampled: Lackawanna, Pa.; Clarke, Ga.; Natchitoches, La.; Rockland, N. Y.; Santa Cruz, Calif.; Sanilac, Mich.; Ogemaw, Mich.; Jackson, Mo.; Leon, Fla.; Monroe, W. Va.; Hamilton, Ill.; Hennepin, Minn.; Bennington, Vt.; Howard, Nebr.; Custer, Nebr.; Douglas, Kans.; Giles, Va.; Cumberland, Maine; and Worth, Iowa.

FINDINGS

Participation and solicitation.

- Prior to the campaign most farmers either bought bonds irregularly or did not buy at all. Only 8 percent of the farm families were buying regularly before the September drive. This situation contrasts sharply with that in nonfarm areas where 49 percent of the gainfully employed were buying regularly before the drive. In most rural areas the special bond drives are the principal means of selling bonds (table 1).
- During the Third War Loan drive, 40 percent of the farm families increased their bond purchases, compared to 18 percent who did so during the second drive. While the bulk of the sales were to people who already owned at least one bond,

¹ This study was conducted for the Treasury Department.

it is important to note that 5 percent of the farm families bought their first bond during the third drive (table 2).

3. During the third drive solicitors reached more than twice as many farm families as in the second drive. Fifty-seven percent of all farm families were personally asked to buy in September (table 3).

4. Even though a much larger proportion of the farm population was solicited, the effectiveness of solicitation remained very great. In September 61 percent of those solicited bought bonds in contrast to only 12 percent of those not solicited (table 4).

As in the urban population, there is evidence that the total impact of the third drive, apart from solicitation, was greater than that of the second.

Identification.

5. The number of farmers who knew nothing about the campaign was half in September what it was in April (17 to 33 percent). As a result of the increased promotion, 20 percent more farmers in September than in April knew that a national drive was going on (table 5).

Even though many more farmers were aware of a national campaign during September than during April, the farm population as a whole was less well informed about the third drive than was the city population. About one-third of the farm population state that they have never heard of the Third War Loan in contrast to one-seventh of the nonfarm population (tables 5 and 6).

6. Farmers tended more than city people to view the September drive as a local campaign. Thirty-six percent of the farmers mention only a local quota contrasted to 22 percent of the urban population (table 7).

7. Approximately the same proportion of farmers and nonfarmers spoke of some definite individual quota that they were expected to buy during September. In certain rural areas, however, some specific quota other than the hundred-dollar bond was used so that the number of farmers who speak of being expected to buy a hundred-dollar bond is less than the number of nonfarmers (table 8).

8. In September as in April farmers gave one major reason for not buying bonds during the drive. They said that they could not afford to buy. While it is true that many farmers have little money, others say that they cannot afford to buy bonds merely to escape the pressure of the drive (table 9).

Motivation.

9. When asked to recall the type of promotion which they liked best, more farmers than nonfarmers mention personal solicitation. A smaller percentage of farmers than nonfarmers mentioned the following types of promotion: Radio, posters, and movies.

Two changes have occurred in the types of promotion which farmers say appeal to them. During the September drive more farmers mention personal solicitation and special promotion such as rallies, booths, and display (table 10).

10. When given an opportunity to complain about annoyances in bond promotion, more farmers than nonfarmers found nothing at all to criticize. This difference is largely due to the fact that fewer farmers were aware of the campaign and that fewer of them were exposed to the possibility of annoyances apart from solicitation. As in the nonfarm population, there has been a slight increase in criticism of ballyhoo sales techniques (table 11).

11. The conclusions reached in the analysis of the nonfarm interviews concerning motivation are almost directly applicable to the farm population. There are, however, three differences worth noting: (1) Fewer farmers than nonfarmers mention personal economic reasons for buying bonds. (2) The prevention of inflation is given somewhat less frequently by farmers than by nonfarmers. (3) There has been an increase among farmers in the number of people who give as a reason for buying bonds "to help the boys." This reason is now given more frequently among farmers than among the nonfarm population (tables 12, 13, and 14).

12. Due to the requirements of time which have been placed upon this analysis, it has been impossible to make the rather complicated calculations needed to estimate the relative effectiveness of the various appeals. Taking into consideration the slight changes in the frequency with which reasons are mentioned, the following appeals may reasonably be expected to be effective:

- To help a member of the family in the armed forces.
- To help the boys.
- To invest money safely.
- To prevent inflation.
- To save for some specific post-war use.

13. Plans which farmers have for the use of the money from their bonds are in order of frequency of mention (table 15):

- Help the children, provide for their education.
- Buy a home or farm.
- Reserve for old age.
- Keep as an emergency fund.
- Pay debts and taxes.
- Buy farm machinery.

RECOMMENDATIONS

1. The recommendations based on the analysis of the urban material apply just as strongly to farmers as to nonfarmers. It is extremely desirable to formulate the publicity in such a way that the pressure of the drive cannot be avoided. The principal task of publicity is to convince the farmers that they can afford to buy more bonds. They must be convinced that they cannot afford not to buy. One way to do this is by stressing the personal advantage of owning bonds.

2. In rural areas, where most bonds are bought as a result of solicitation, a major function of the publicity is to back up the local organization. Techniques should be developed which will stimulate local community spirit and which will pave the way for more effective solicitation.

3. Farmers still need to have their sights raised on the magnitude of bond purchases expected of them. They are not now thinking about bonds as a major part of their unused money nor as an integral part of their business operation. More farmers need to plan to buy machinery, to improve their farms, or to buy a new one with their bonds.

It is important to remember that few farmers buy bonds regularly apart from special drives and that purchases made at these times constitute a major part of their total bond purchases. For this reason a larger portion of the farmers' bond buying must be accomplished during the drives. With this in mind, it appears desirable to play up large-scale uses of bond money and individually adjusted quotas and to play down somewhat the fixed quota of a hundred-dollar bond.

TABLE 1.—*Farmers' usual method of purchase prior to each drive*

Method of purchase	Second drive	Third drive
	Percent	Percent
Does not buy.....	44	38
Buys irregularly.....	40	52
Buys regularly.....	5	8
Not ascertained.....	11	2
Total.....	100 N = 474	100 N = 223

TABLE 2.—*Changes in bond buying during drives*

Changes	Second drive	Third drive	Third drive
	(farm)	(farm)	(nonfarm)
Made increase in purchases:			
Bought first bond.....	2 18	5 40	1 35
Started or increased pay-roll deduction.....	16	35	30
Bought at least one extra bond or signed a pledge to buy.....	74 8	60 0	62 3
Made no increase in purchases.....			
Not ascertained.....			
Total.....	100 N = 474	100 N = 223	100 N = 450

TABLE 3.—Proportion of farmers who were reached by solicitation during the drives

Solicitation	Second drive	Third drive
	Percent	Percent
Asked to buy or was a solicitor.....	27	57
Not solicited.....	73	42
Not ascertained.....	(1)	1
Total.....	100 N=474	100 N=223

¹ Less than 1 percent.

TABLE 4.—Effectiveness of solicitation

	Solicitation	
	Asked to buy	Not asked to buy
SECOND DRIVE—FARMERS		
Bond buying in April:		
Bought extra bonds or increased regular buying.....	58	8
Did not increase purchases of bonds.....	34	85
Not ascertained.....	8	7
Total.....	100 N=118	100 N=353
THIRD DRIVE—FARMERS		
Bond buying in September:		
Bought extra bonds or increased regular buying.....	61	12
Did not increase purchases of bonds.....	39	88
Total.....	100 N=128	100 N=95

TABLE 5.—Awareness of the campaign

Degree of awareness	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Has no knowledge of the campaign.....	33	17	10
Aware of special local drive, does not know it was related to a national drive.....	20	15	5
Aware of a national drive but does not know of it as the Second or Third War Loan.....	8	13	8
Aware of the Second or Third War Loan by name but knows it only as an increase in publicity.....	13	10	15
Aware of the Second or Third War Loan by name and knows some details of the drive.....	26	44	62
Awareness not ascertained.....	(1)	1	(1)
Total.....	100 N=474	100 N=223	100 N=450

¹ Less than 1 percent.

TABLE 6.—Number of people who heard of the Third War Loan

Number of people who heard of the Third War Loan	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent
Gave the name Third War Loan themselves.....	39	55
Said they recognized the name Third War Loan when it was mentioned.....	125	28
Said they had not heard of the Third War Loan.....	32	14
Not ascertained.....	4	3
Total.....	100 N=223	100 N=450

¹ In about two-fifths of these interviews the person answered in such a way that it was judged that he was not actually familiar with the name of the drive.² In about a quarter of these interviews the person answered in such a way that it was judged that he was not actually familiar with the name of the drive.

TABLE 7.—Spontaneous mention of quotas

Quotas mentioned	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Mentioned both national and local quotas.....	4	6	13
Mentioned national quota.....	7	6	10
Mentioned local quota.....	23	36	22
Mentioned a quota but not clearly identified.....	5	12	16
Mentioned neither national nor local quota.....	61	40	39
Total.....	100 N=474	100 N=223	100 N=450

TABLE 8.—How much were individuals expected to buy?

Reported quota	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent
Extra \$100 bond.....	13	23
Extra \$25 bond.....	1	1
2 weeks' pay.....	0	(1)
Some other definite amount.....	11	3
Buy an extra bond, amount not specified.....	(1)	4
Heard of no particular amount.....	71	65
Not ascertained.....	4	4
Total.....	100 N=223	100 N=450

¹ Of this 13 percent, one-third did buy an extra \$100 bond.² Of this 23 percent, 27 percent did buy an extra \$100 bond.³ Less than 1 percent.TABLE 9.—Reasons people gave for not buying extra bonds during drives ¹

Reasons	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Never heard of the campaign.....	38	34	12
Said they could not afford to buy.....	53	58	79
Said they had to pay the Sept. 15 income tax and therefore were unable to buy.....		3	2
Said they were doing their share already.....	6	5	5
Said both that they could not afford it and that they were doing their share already.....	3	0	2
Total.....	100 N=305	100 N=93	100 N=227

¹ Includes only that part of the population that did not buy bonds in the drives and gave a reason for not buying.

TABLE 10.—*Types of promotion found most appealing*

Types of promotion	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Radio publicity	4	6	18
Rallies, booths, displays, etc.	4	10	9
Posters	1	(1)	2
Personal solicitation	7	19	9
Slogans	1	0	1
Movies	(1)	0	3
Newspaper publicity	1	1	1
Quotas	3	2	1
Gifts and admissions given with bonds	79	61	52
Mentions nothing relevant to the campaign			
Total	100 N=474	100 N=223	100 N=450

¹ Less than 1 percent.TABLE 11.—*What sorts of things about the way they have been trying to sell bonds annoy you?*

Type of annoyance	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Nothing mentioned	94	94	85
Forcing people to buy	2	2	2
Excessive repetition on the radio	2	1	2
Asking people who are doing their share already	0	0	1
They didn't put enough pressure on people with money	1	(1)	(1)
Interrupting movies to sell bonds	0	0	-
Interrupting radio programs to sell bonds	(1)	0	(1)
They didn't visit everybody	0	0	-
Door-to-door canvassing	(1)	1	(1)
Having movie stars sell bonds	(1)	0	1
Use of atrocity stories	0	0	1
Using soldiers to sell bonds	(1)	(1)	0
Ballyhoo sales technique	0	2	3
Bribing people to buy	0	0	1
Solicitation in stores and restaurants	0	0	1
The whole campaign	0	0	1
Total	100 N=474	100 N=223	100 N=450

¹ Less than 1 percent.TABLE 12.—*Why do you think the Government is anxious to get people to buy bonds?*

Reasons	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
To prevent inflation	9	4	12
To provide post-war security	4	3	2
To prevent depression	(1)	0	(1)
To get people to save their money	10	3	5
To make people war conscious	3	2	2
To provide an alternative to taxes	2	4	3
To finance the war, help the soldiers	63	70	68
Not ascertained	9	14	8
Total	100 N=474	100 N=223	100 N=450

¹ Less than 1 percent.TABLE 13.—*What do you think is the most important reason to buy bonds?*

Reasons	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Help the country, pay for the war	60	64	63
Help the boys	12	18	11
Bonds are a good investment	3	3	5
Bonds are a good way to save	4	4	4
It is one's patriotic duty to buy	2	2	5
Prevent inflation	1	0	2
Aid friends or relatives in the service	1	2	2
Preserve the American way of life	2	2	3
Miscellaneous	1	1	1
Don't know	5	4	4
Total	100 N=474	100 N=223	100 N=450

TABLE 14.—*Reasons people give for buying bonds*

Reasons	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
PATRIOTIC			
Country needs the money to win the war	157	154	154
It is a patriotic duty	5	5	11
Help a member of family in service	11	7	7
Help the boys	12	20	15
Preserve the American way of life	2	4	4
Get the war over sooner	7	6	6
PERSONAL ECONOMIC			
Save for some unspecified use after the war	5	7	7
You get a high rate of interest	17	12	28
It is a safe investment	21	21	21
You not only save but help the country too	8	4	7
If I didn't buy bonds I wouldn't save	11	14	17
If bonds aren't good after the war, nothing will be	11	13	6
Save against a post-war depression	3	5	5
Save for some specific post-war use	1	4	5
NATIONAL ECONOMIC			
Help prevent inflation	10	8	16
Help keep taxes down	2	6	6
Keep people from spending money foolishly	5	4	5
Total	474	223	450

¹ These percentages total to more than 100 percent because many respondents gave more than 1 reason for buying bonds.TABLE 15.—*Plans for using bond money given by bond owners*

Plans	Second drive (farm)	Third drive (farm)	Third drive (nonfarm)
	Percent	Percent	Percent
Help the children (education, etc.)	11	8	13
Buy a home or farm	6	8	10
Keep as an emergency fund	8	6	8
Funds for old age	5	6	7
Reserve in a post-war depression	3	0	1
Buy household furnishing, car, etc.	4	1	1
Travel	(1)	0	1
Pay debts and taxes	2	4	2
Put into a business	0	0	2
Buy farm machinery	2	4	3
Miscellaneous plans	(1)	1	3
Has no plans	58	62	52
Total	100 N=242	100 N=150	100 N=357

¹ Less than 1 percent.² Number of people owning bonds about whose plans information could be obtained.

QUESTIONNAIRE—APPRaisal OF THE THIRD WAR LOAN

1. Have you heard more than usual about War bonds since the 1st of September?
2. What sort of things have you heard?
3. Has there been any special drive to sell War bonds?
4. What did they do?
5. What did they call the drive?
6. Which of these slogans have you heard most around here since the 1st of September?
 - (a) "They give their lives, you lend your money."
 - (b) "Back the attack."
 - (c) "You've done your bit, now do your best."
7. What sorts of things about the ways they've been selling War bonds in the last month or so do you like best?
8. Anything else?
9. What sorts of things about the way they've been trying to sell bonds in the last month or so annoy you?
10. Anything else?

If not mentioned already:

11. Have you heard of the Third War Loan?
12. What sort of things have you heard?

If knows of special drive:

13. In your opinion how did the drive go over?
14. Do you think it's a good idea to have special campaigns to sell War bonds?
15. Why?
- We're interested in finding out how people get started buying bonds.
16. Do you happen to own any bonds?

FOR THOSE WHO OWN NO BONDS, ASK ONLY THE QUESTIONS ON PAGES 5 AND 6.

FOR THOSE WHO DO OWN BONDS, OR WHOSE BREADWINNERS OWN BONDS, CONTINUE HERE:

17. How did you get started buying them?
18. When did you buy your first one?
19. How do you usually buy your bonds?

If R or breadwinner is on pay-roll deduction:

20. What percent of your pay are you putting into bonds?

If R or his breadwinner buys regularly on his own plan:

21. How many bonds do you usually buy? (time interval and amount?)
22. Do you buy bonds any other way besides that?
- Another thing we're interested in knowing is:
23. What do you think about War bonds?
24. What do you think is the most important reason to buy War bonds?
25. Anything else?
26. Did anyone come around to your house and ask you to buy bonds during September?
27. Did anybody ask you to buy at work? (R or R's breadwinner?) (Asked individually or in a group?)
28. Were you asked to buy bonds anywhere else? Where?

If R was asked to buy:

29. Did the person who asked you to buy represent any special organization?
30. What did he say?
31. What reasons did he give for buying bonds?
32. Did he suggest the amount of bonds you should buy?
33. How did you feel about that?
34. Have you bought any (other) extra bonds since the 1st of September?

If bought extra bonds:

35. How many did you buy? (Total maturity value?)
36. How did you happen to buy them at that time?

If did not buy extra bonds:

37. Was there any particular reason why you didn't buy any extra bonds in September?

38. Have you decided to change the regular amount you usually put into bonds since the 1st of September?
39. What changes did you make? (From what percent to what percent?)
40. How did you happen to change?
41. Was the change just for September?

If R or breadwinner has bought extra bonds:

- We're interested in finding out whether people are getting good service when they buy extra bonds.
42. Where did you buy these extra bonds?
 43. How did you get them? (How were they delivered to you?)
 44. How long did it take?
 45. Did you buy the bonds as a member of some organization?
 46. Where did you get the money to buy them; out of money you had saved or out of your current income?
 47. Did you put off buying before September so you could buy your bonds during September?
 48. Did they give you a pin or something to show that you had bought a bond?
 49. What would (did) you think of the idea?

If given a pin:

50. Did you wear the pin?
51. Was there any particular reason why you didn't wear it?
52. Are there any other members of your family working?

If yes to 52:

53. Do they have bonds taken out of their pay where they work?

If yes to 53:

54. Have they had the amount changed since the 1st of September?
55. What changes did they make? (From what percent to what percent?)
56. Was the change just for September?

57. Do you know whether anyone asked them to buy during September?

If yes to 57:

58. Where were they asked to buy?
59. Did they buy any bonds then?
60. Have you heard anything about each person being expected to buy a certain amount of bonds this September?
61. How much were they expected to buy?
62. How did you feel about that?
63. Do you think people are being asked to buy more bonds than they can afford?
64. How about you? (Do you think you have been asked to buy more than you can afford?)
65. We've touched on this already, but let me be sure I understand how you feel—why do you think the Government is anxious to get people to buy War bonds?
66. Have you made any special plans for using the money from your bonds? (What?)
67. What do you think things will be like for you personally after the war?
68. How long do you think the war with Germany will last?
69. How long do you think the war with Japan will last?

NOTE.—Questions in purple are to be asked of all respondents.

Questions in red are asked of some respondents and not of others.
Whether they are asked depends on the answers to previous questions.

CONCLUDING PORTION OF QUESTIONNAIRE FOR THOSE WHO OWN NO BONDS

- Another thing we're interested in knowing is:
23. What do you think about War bonds?
 24. What do you think is the most important reason to buy War bonds?
 25. Anything else?
 26. Did anyone come around to your house and ask you to buy bonds during September?
 27. Did anybody ask you to buy at work? (R or R's breadwinner?)
 28. Were you asked to buy bonds anywhere else? Where?

If R was asked to buy:

29. Did the person who asked you to buy represent any special organization?
 30. What did he say?
 31. What reasons did he give for buying bonds?
 32. Did he suggest the amount of bonds you should buy?
 33. How did you feel about that?
 52. Are there any other members of your family working?

If yes to 52:

53. Do they have bonds taken out of their pay where they work?

If yes to 53:

54. Have they had the amount changed since the 1st of September?
 55. What changes did they make? (From what percent to what percent?)
 56. Was it just for September?
 57. Do you know whether anyone asked them to buy during September?

If yes to 57:

58. Where were they asked to buy?
 59. Did they buy any bonds then?
 60. Have you heard anything about each person being expected to buy a certain amount of bonds this September?
 61. How much were they expected to buy?
 62. How did you feel about that?
 63. Do you think people are being asked to buy more bonds than they can afford?
 64. How about you? (Do you think you have been asked to buy more than you can afford?)
 64a. (If not already covered) Is there any particular reason why you haven't happened to buy any bonds?
 65. We've touched on this already but let me be sure I understand how you feel—why do you think the Government is anxious to get people to buy War bonds?
 67. What do you think things will be like for you personally after the war?
 68. How long do you think the war with Germany will last?
 69. How long do you think the war with Japan will last?

EXHIBIT G. APPENDIX OF PERTINENT STATISTICS

EXHIBIT G-1.—*Estimated value of measurable advertising in support of war bonds for 1 year based on current performance*

	Sponsored	Donated	Total
1. Radio.....			\$72,000,000.00
2. Daily and weekly newspapers.....	\$33,144,853.94	\$3,181,817.33	36,326,671.27
3. General magazines.....	9,810,000.00	1,215,835.80	11,025,835.80
4. Business publications.....	2,227,500.00	1,081,930.00	3,308,300.00
5. Farm publications.....	594,000.00	335,905.00	929,905.00
6. Outdoor (including car cards and 3 sheets).....	7,740,000.00	1,536,500.00	9,276,500.00
Total.....	53,516,353.94	7,401,858.13	132,918,212.07

Source: Promotional Research Section, War Finance Division, Treasury Department, Nov. 27, 1943.

EXHIBIT G-2

RADIO—ESTIMATED VALUE OF WAR BOND ADVERTISING FOR 1 YEAR

BASIS FOR ESTIMATE

At the present time, the Treasury contemplates three War Loan drives per year. Hence the performance during the month of September is used as the basis for the 3 War Loan months. The nondrive months are estimated at \$4,000,000

per month. In justification of this most conservative monthly estimate, there is incorporated in this statement excerpts from the National Association of Broadcasters Analysis—June 1943 War Effort Broadcast Report, showing the number, type, and length of radio programs during June in support of War bonds.

Total estimated value for 1 year..... \$72,000,000

September—Third War Loan

Opening day.....	\$1,000,000
Sustain time.....	7,000,000
Commercial.....	4,000,000
Total.....	12,000,000

Source: National Association of Broadcasters.

Nondrive months estimated at \$4,000,000 per month

12-month projection:	
3 War Loan months at \$12,000,000 each.....	\$36,000,000
9 nondrive months at \$4,000,000 each.....	36,000,000
Total.....	72,000,000

Excerpts appertaining to War bonds from "Analysis June 1943 War Effort Broadcast Report," dated Aug. 13, 1943

	Type and length	Number
War bonds		
Do.....	1 minute, ET.....	46,720
Song Parade.....	do.....	9,730
Star Parade.....	3 minutes, ET.....	25,710
WPA bonds	15 minutes, ET.....	10,840
Do.....	Live spots.....	12,450
Do.....	5 minutes, live.....	90
Do.....	15 minutes, live.....	560
Do.....	25 minutes, live.....	10
Do.....	30 minutes, live.....	80
Do.....	60 minutes, live.....	10

Source: Promotional Research Section, War Finance Division, Nov. 27, 1943.

EXHIBIT G-3

DAILY AND WEEKLY NEWSPAPERS—ESTIMATED VALUE OF WAR BOND ADVERTISING FOR 1 YEAR

BASIS FOR ESTIMATE

At the present time, the Treasury contemplates three War loan drives per year. Hence, the performance during the month of September is used as the basis for the three War loan months. August is used as the basis for calculating the 9 nondrive months for the daily newspapers.

Weeklies in nondrive months are estimated on the ratio between dollar value of weekly and daily advertising in September applied to actual August result for dailies, i. e., 29 percent, less 15 percent margin for error.

Estimated total value daily and weekly advertising for 1 year	Sponsored	Percent	Donated	Percent
\$36,326,671.27	\$33,144,853.94	91.2	\$3,181,817.33	8.8

SEPTEMBER—THIRD WAR LOAN

	Total	Sponsored	Percent	Donated	Percent
Daily	\$6,697,358.45	\$6,195,056.57	92.5	\$502,301.88	7.5
Weekly	1,942,181.60	1,682,931.20	86.7	259,250.40	13.3
Total	8,639,540.05	7,877,987.77		761,552.28	

AUGUST NONDRIVE MONTH

Daily	\$927,757.82	\$858,175.98	92.5	\$69,581.84	7.5
Weekly (estimated)	269,049.77	233,266.15	86.7	35,783.62	13.3
Total	1,196,807.59	1,091,442.13		105,365.46	

¹ Based on sampling made by Promotional Research Section.² Calculated on same basis as actual percentages in September.

Source: Daily newspapers: Reports of Advertising Checking Bureau for August and September. Value at national advertising rates. Weekly newspapers: Survey by Promotional Research Section for September. (See above "Basis for estimate" for basis used in estimating August.) Value at average national advertising rates for weeklies.

12-month projection

	Total	Sponsored	Percent	Donated	Percent
3 War bond drive months:					
Daily	\$20,092,075.35	\$18,585,169.71	92.5	\$1,506,905.64	7.5
Weekly	5,826,644.80	5,051,614.34	86.7	774,930.46	13.3
Total	25,918,620.15	23,636,784.05		2,281,836.10	
9 nondrive months:					
Daily	8,349,820.38	7,723,583.85	92.5	626,236.53	7.5
Weekly	\$2,421,447.93				
Less 15 percent ¹	363,217.19	2,058,230.74	86.7	273,744.69	13.3
Total	10,408,051.12	9,508,069.90		899,981.22	
Total for 12 months:					
Daily	28,441,895.73	26,308,753.55	92.5	2,133,142.18	7.5
Weekly	7,884,775.54	6,836,100.39	86.7	1,048,675.15	13.3
Total	36,326,671.27	33,144,853.94		3,181,817.33	

¹ Allowance made for possible overestimating.

Note.—Although no check is maintained of advertising appearing in weekly newspapers during non-drive months, 3,000 weeklies have requested and are receiving the continuing series of War bond advertisements.

Source: Promotional Research Section, Nov. 27, 1943.

EXHIBIT G-4

ESTIMATED VALUE OF CONTRIBUTED WAR BOND ADVERTISING IN GENERAL MAGAZINES FOR 1 YEAR

BASIS FOR ESTIMATE

At the present time, the Treasury contemplates three War Loan drives per year. Hence the performance during the month of September is used as the basis for the three War Loan months. November is used as the basis for the nine nondrive months.

Estimated total value for 1 year	\$1,215,835.80
Estimated number of ads	2,868
Estimated circulation	690,306,858
September—Third War loan:	
Value	\$124,265
Number of ads	236
Circulation	68,116,644

November—nondrive month:

Value	\$93,671.20
Number of ads	240
Circulation	53,995,214

Foregoing figures compiled from actual tear pages and checking copies and calculated at known rates.

(Source: Promotional Research Section.)

12-month projection

	Estimated value	Estimated number of ads	Estimated circulation
War Loans	\$372,795.00	708	204,349,932
Nondrive months	843,040.80	2,160	485,956,926
Total	1,215,835.80	2,868	690,306,858

NOTE.—A standard of comparison might be made with the general magazine expenditure of one of the Nation's largest commercial advertisers, P. Lorillard Co., manufacturer of Old Gold cigarettes and other tobacco products. In the entire year 1942 (last figures available) the total general magazine expenditure of this company was \$740,715.

Nov. 27, 1943.

VALUE OF HITCHHIKE ADVERTISING, GENERAL MAGAZINES

SEPTEMBER—THIRD WAR LOAN

In the September issues of 8 leading monthly magazines, we received 145 War bond ad mentions and 16 complete War bond ads, other than Treasury material used.

Also in September, we received in 7 leading weeklies 687 mentions and 86 complete ads, which gives us a total of 832 mentions and 102 complete ads in 15 magazines.

Setting the value of mentions at the conservative figure of \$25 each, the value of mentions was \$20,800, and the value of complete ads, figured at \$500 per page, was \$51,000, or a total of \$71,800.

Projected over the 3 drive periods, this would give us \$215,400 from these 15 magazines alone * * * and only in issues appearing during the drives. Since there are over 300 general magazines, almost all of which cooperate to some extent, particularly during drive periods, we can safely estimate the number of mentions received during the 3 drives at the same average figure, found in the weeklies and monthlies checked, or 56 mentions and 7 complete ads in each magazine, or a total of 16,800 mentions and 2,100 complete ads for each drive, or 50,400 mentions and 6,300 complete ads for a total value for the 3 drives of \$4,410,000.

AUGUST—NONDRIVE MONTH

In the month of August, a nondrive month, a check of 9 leading monthly magazines shows that we received 149 mentions and 2 complete War bond ads, other than Treasury material used.

Also in August, we received in 7 leading weeklies 494 mentions and 28 complete ads, which gives us a total of 643 mentions and 30 complete ads in the 16 magazines checked, for a value of \$16,075 in mentions and \$15,000 in complete ads, or a grand total of \$31,075 for August alone.

Projected over the 9 nondrive months, this would give us mentions and complete ads to a value of \$279,675 from these 16 magazines alone. Applying the average of 40 mentions in those nondrive months to the entire general magazine field, 300 magazines, we arrive at a total of 12,000 mentions. Taking the average of 2 complete ads per magazine, we arrive at a total of 600 complete ads, or 12,600 mentions and ads during the 9 nondrive months. Therefore, we receive 108,000 mentions for a value of \$2,700,000, at \$25 per mention, and 5,400 complete ads, at \$500 per ad, for a value of \$2,700,000, or a grand total of \$5,400,000.

ANNUAL TOTALS—GENERAL MAGAZINES

Combining the drive figures with the figures for the nondrive months, we have an annual total of 158,400 mentions (value: \$25 each, or \$3,960,000), and 11,700 complete ads (value: \$500 each, or \$5,850,000).

Grand total: 170,100 mentions and complete ads; annual value, \$9,810,000.

EXHIBIT G-5

ESTIMATED VALUE OF CONTRIBUTED WAR BOND ADVERTISING IN BUSINESS AND TRADE MAGAZINES FOR 1 YEAR

BASIS FOR ESTIMATE

At the present time, the Treasury contemplates three War Loan drives per year. Hence, the performance during the month of September is used as the basis for the three War Loan months. August is used as the basis for the nine nondrive months.

Estimated total value for 1 year.....	\$1,081,800
Estimated number of page ads.....	5,409
Estimated circulation.....	63,732,462
September—Third War Loan:	
Value.....	\$102,600
Number of page ads.....	513
Circulation.....	5,936,561
August—Nondrive month:	
Value.....	\$86,000
Number of page ads.....	430
Circulation.....	5,102,531

Foregoing figures compiled from actual tear pages and checking calculated at \$200 per page.

(Source: Promotional Research Section.)

12-month projection

	Estimated value	Estimated number of page ads	Estimated circulation
War Loans.....	\$307,800	1,539	17,809,683
Nondrive months.....	774,000	3,870	45,922,779
Total.....	1,081,800	5,409	63,732,462

NOTE.—It is practically impossible to make a standard of comparison between the war-finance and trade-publication operations and that of any commercial advertiser. The War Finance Division campaign encompasses a program in every classification of business, trade, professional, and association publications, whereas no commercial advertiser ever uses more than 10 of the 159 classifications. A large schedule of business publications of any commercial advertiser would not exceed 20 in any month.

Nov. 27, 1943.

VALUE OF HITCHHIKE ADVERTISING, BUSINESS PUBLICATIONS

SEPTEMBER—DRIVE MONTH

Out of a total of 94 business and trade publications checked in September, 100 mentions and 100 complete ads were found. This is an average of slightly more than 1 mention and 1 ad per magazine. Taking the round figure and placing the conservative value of \$10 each mention, we see that we received in these 94 magazines (all selected at random, with none of the large magazines, as it happens, included) a total of \$1,000 worth of mentions. Placing the average page rate of \$200 per ad upon the complete ads run, we see also that we received ads to a value of \$20,000 in these 94 magazines, in the drive month of September alone.

Projected over the 3 drive months of the year, we see therefore, that we receive 300 mentions worth \$3,000 and 300 complete ads worth \$60,000, in the 94 magazines alone.

There are about 1,500 business and trade publications in the country. At the same average of 1 mention and 1 ad per magazine per drive month, we receive, therefore, 1,500 mentions worth \$15,000 and 1,500 ads worth \$300,000, or a total of \$315,000 worth of hitchhike advertising support in 1 drive month alone. Projecting these figures over the 3 drive months, we receive 4,500 mentions worth \$45,000 and 4,500 ads worth \$900,000, or a total of \$945,000 worth of hitchhike advertising support in the drives alone.

AUGUST—NONDRIVE MONTH

Out of 94 business and trade publications picked at random (not the same 94 as checked in September), we find that we received 123 mentions and 39 complete ads in August issues. At the same figure of \$10 per mention used above, this gave us \$1,230 worth of mentions and—at the same \$200 per ad figure used above—\$7,800 worth of ads, or a total of \$9,030.

Applying the average of 1.3 mentions and 0.41 complete ads per magazine to the list of 1,500 business papers, we receive a total of 1,950 mentions worth \$19,500 and 615 complete ads worth \$123,000, or a total value for the month of August of \$142,500 in hitchhike advertising. Projected over the 9 nondrive months, this means that we receive 17,550 mentions worth \$175,500 and 5,535 complete ads worth \$1,107,000, or a grand total of \$1,282,500 for the 9 nondrive months.

Add this \$1,282,500 to the \$945,000 worth of hitchhike support received in the drive months, and we have a total for the year of \$2,227,500 worth of cooperative hitchhike advertising in business and trade publications, other than Treasury material.

EXHIBIT G-6

ESTIMATED VALUE OF CONTRIBUTED WAR BOND ADVERTISING IN FARM MAGAZINES FOR 1 YEAR

BASIS FOR ESTIMATE

At the present time, the Treasury contemplates three War Loan drives per year. Hence the performance during the month of September is used as the basis for the 3 War Loan months. August is used as the basis for the 9 nondrive months.

Estimated total value for 1 year.....	\$385,905
Estimated number of ads.....	534
Estimated circulation.....	113,258,757
September—Third War Loan:	
Value.....	\$42,535
Number of ads.....	55
Circulation.....	13,783,405
August—nondrive month:	
Value.....	\$28,700
Number of ads.....	41
Circulation.....	7,989,833

Foregoing figures compiled from actual tear pages and checking copies and calculated at known rates.

(Source: Promotional Research Section.)

12-month projection

	Estimated value	Estimated number of ads	Estimated circulation
War loans.....	\$127,605	165	41,350,215
Nondrive months.....	258,300	369	71,903,542
Total.....	385,905	534	113,258,757

NOTE.—A standard of comparison might be made with the farm-magazine expenditure of 1 of the Nation's largest commercial advertisers, Allis-Chalmers Manufacturing Co., manufacturers of tractors and farm machinery. In the entire year of 1942 (last figures available) the total farm-magazine expenditure of this company was \$203,881.

VALUE OF HITCHHIKE ADVERTISING, FARM PUBLICATIONS

NOVEMBER—NONDRIVE MONTH

Out of 10 farm publications picked at random for checking in November, there were a total of 62 mentions and 9 complete ads, other than Treasury material.

Figured at \$50 per mention, this represents a value to us of \$3,100 for mentions in these 10 magazines in November. Figuring the worth of complete ads at

\$500 (the average page cost is \$1,050), this represents a value of \$4,500 in November alone, or a total value in mentions and ads in these 10 magazines of \$7,600.

Since there are about 55 farm publications, and assuming that each carries the same number of mentions and ads as the above 10 magazines average—that is, approximately 1 ad per magazine and slightly more than 6 mentions per magazine—we receive \$27,500 worth of ads (55 at \$500 each) and \$16,500 worth of mentions (330 at \$50 each), or a grand total of \$44,000 worth of hitchhike advertising in a typical nondrive month alone. Projected over the 9 nondrive months, this gives us a total of 2,970 mentions at a value of \$148,500 and a total of 495 complete ads at a value of \$247,500, or a grand total of \$396,000 worth of cooperative advertising, other than Treasury material.

SEPTEMBER—DRIVE MONTH

We know that there is an increase in cooperative advertising of at least 50 percent during drive months. Taking the November figures, therefore, and increasing them 50 percent, we find that we receive during a drive month, 82.5 complete ads to a value of \$41,250 (or \$27,500 plus 50 percent) and 495 mentions to a value of \$24,750, or a total value of \$66,000.

Projected over the 3 drive periods, we thus arrive at a total value of \$198,000 in mentions and ads, other than Treasury material, in the 55 farm publications.

GRAND TOTAL FOR YEAR

Add this \$198,000 drive total to the \$396,000 nondrive total, and it is seen that we receive a minimum of \$594,000 in cooperative hitchhike advertising to farmers—all in addition to our own extensive advertising appearing gratis in the 55 farm journals.

EXHIBIT G-7

ESTIMATED VALUE OF WAR BOND ADVERTISING IN OUTDOOR, CAR CARDS, AND 3-SHEETS FOR 1 YEAR

BASIS FOR ESTIMATE

At the present time, the Treasury contemplated three War Loan drives per year. Hence the performance during the month of September is used as the basis for the three War Loan months. August is used as the basis for the 9 nondrive months.

Estimated total value for 1 year..... \$8,850,000
Outdoor:

Sponsored.....	7,740,000
Contributed.....	1,110,000

SEPTEMBER—THIRD WAR LOAN

	Sponsored	Contributed
President's proclamation.....		\$370,000
Back the attack.....	\$500,000	
National advertisers.....	300,000	
Locally originated.....	430,000	
Total.....	1,230,000	370,000
Grand total.....		1,600,000

AUGUST—NONDRIVE MONTH

Local.....	\$200,000	
National.....	100,000	
Locally originated.....	150,000	
Total.....	450,000	

12-MONTH PROJECTION

Special.....		\$1,110,000
Local.....	\$3,300,000	
National.....	1,800,000	
Locally originated.....	2,640,000	
Total.....	7,740,000	1,110,000
Grand total.....		8,850,000

Source: Estimate of Outdoor Advertising, Inc., and the war activities department of Outdoor Advertising Association of America, Inc.

Car cards (used only in drive months and Christmas campaign)

ALL CONTRIBUTED

September (Third War Loan):	
Total contributed:	
Number of cards.....	122,000
Value.....	\$122,000
Remainder of year:	
Total contributed:	
Number of cards.....	142,000
Value.....	\$142,000
Total for 1943:	
Total contributed:	
Number of cards.....	264,000
Value.....	\$264,000

3 sheets (used in only drive months and Christmas campaign)

ALL CONTRIBUTED

September (Third War Loan):	
Total contributed:	
Number of panels.....	22,000
Value.....	\$110,000
Remainder of year:	
Total contributed:	
Number of panels.....	10,500
Value.....	\$52,500
Total for 1943:	
Total contributed:	
Number of panels.....	32,500
Value.....	\$162,500

OUTDOOR ADVERTISING

During the Third War Loan 30,000 outdoor panels were contributed by the outdoor advertising industry to the Treasury Department to further the sale of War bonds. Twenty thousand panels were displayed under the sponsorship of local merchants. The total number, 50,000, 24-sheet billboard posters appeared in approximately 15,000 cities and towns throughout the country. During August, a typical nondrive month, approximately 8,000 sponsored billboards were displayed in all the principal cities throughout the country.

CAR CARDS

The 264,000 car cards, which is the total number for the year 1943, were displayed in every principal city throughout the country where there were facilities for transit advertising.

THREE SHEETS

Through the cooperation of various outdoor-advertising companies throughout the country and all motion-picture theaters, 32,500 three-sheets were displayed during 1943.

(November 27, 1943.)

EXHIBIT G-8

SCOPE OF MEASURABLE WAR BOND ADVERTISING

The estimated value of measurable advertising in support of War Bonds for 1 year in all media, based on current performance, is equal in value to the combined expenditure during the year 1942, of the 20 leading national advertisers, viz.:
War bond advertising for 1 year based on current performance
(estimated) \$132,918,212.07

Media Records, Inc., report on 1942 expenditure of 20 leading national advertisers: ¹	
Procter & Gamble Co.	18,651,955.00
Lever Bros. Co.	10,985,038.00
General Foods Corporation	10,639,319.00
R. J. Reynolds Tobacco Co.	9,741,436.00
Sterling Products	9,595,941.00
General Motors Corporation	8,039,411.00
Colgate-Palmolive Peet Co.	7,365,076.00
General Mills, Inc.	6,273,143.00
Liggett & Myers Tobacco Co.	6,160,360.00
Philip Morris & Co., Ltd.	4,829,360.00
Seagram-Distillers Corporation	4,643,231.00
American Home Products Co.	4,619,719.00
American Tobacco Co.	4,333,631.00
Campbell Soup Co.	4,373,616.00
Coca-Cola Co.	4,161,177.00
General Electric Co.	3,931,375.00
Bristol-Myers Co.	3,879,178.00
Schenley Distillers Corporation	3,775,956.00
Standard Brands	3,423,406.00
National Distillers Products Corporation	3,280,784.00
Total.	132,803,112.00

¹ It is important to note that Media Records, Inc., the authority in the field, defines "national advertisers" as those advertisers who spend annually \$25,000 or more, in at least 1 of the 4 media—newspapers, magazines, farm journals, or chain radio.

Source: Figures compiled by Media Records, Inc., and issued by bureau of advertising, American News-paper Publishers Association, New York, N. Y.

Source: Promotional Research Section, Dec. 1, 1943.

EXHIBIT H-1

SECRETARY MCADOO QUOTATION

(Source: Statement of Secretary released for publication, morning papers, September 1, 1917)

Statements issued by Hon. W. G. McAdoo, Secretary of the Treasury, March 15, 1917, to October 20, 1917 (vol. 5, p. 266, Treasury Department Library)

EXHIBIT H-2

If Treasury purchased War bond advertising, as set forth in S. 1457, space divided equitably among all daily newspapers in communities of 10,000 or less

population, and all weekly, semiweekly, and triweekly newspapers in the United States—

On basis of advertising appropriation of \$12,500,000 per annum:

	Per annum
576 daily newspapers would receive (based on average national advertising rate of \$0.032 per line)	¹ \$719,695.87
10,196 weekly newspapers would receive	² 11,374,657.60
337 semiweekly newspapers would receive	³ 375,957.20
27 triweekly newspapers would receive (based on average national advertising rate of 40 cents per inch)	⁴ 30,121.20
Total	12,500,431.87

On basis of advertising appropriation of \$15,000,000 per annum:

	Per annum
576 daily newspapers would receive (based on average national advertising rate of \$0.032 per line)	¹ 863,686.66
10,196 weekly newspapers would receive	² 13,650,404.80
337 semiweekly newspapers would receive	³ 451,175.60
27 triweekly newspapers would receive (based on average national advertising rate of 40 cents per inch)	⁴ 36,147.60
Total	15,001,414.66

¹ Equal to average of \$1,249.47 per publication per annum.
² Equal to average of \$1,115.60 per publication per annum.
³ Equal to average of \$1,499.46 per publication per annum.
⁴ Equal to average of \$1,338.80 per publication per annum.

NOTE.—Number of daily newspapers in communities of 10,000 or less population and number of weekly, semiweekly and triweekly newspapers taken from Ayers Directory for 1943.

Source: Promotional Research Section, War Finance Division, December 2, 1943.

Mr. CARLSON. Mr. Chairman.

The CHAIRMAN. Mr. Carlson.

Mr. CARLSON. As I have stated before, I am concerned about the distribution of these bonds and I notice in your first statement, on the first page of your statement, that you say something about the Government "borrowing from all its citizens by means of bond sales to individuals."

Is the Treasury satisfied with the sale and distribution of War bonds?

Mr. GAMBLE. No; they are not, Mr. Congressman, and we are only satisfied with one thing, and that is the splendid progress that we think we are making. When we set the \$14,000,000,000 goal in January, we set for ourselves a five-and-a-half-billion-dollar goal for individuals. We set in that a goal of \$4,000,000,000 from bonds alone, three billions from E bonds and one billion from F and G.

We have eliminated from that basket the attractive security we had in the last drive, and we are concentrating almost entirely on these saving securities in that drive.

Mr. CARLSON. I just wonder how much progress you are making in these drives. In the First War Loan drive, according to the statement submitted by Mr. Paul, you sold four billion. Of that amount the citizens purchased one billion plus.

Mr. GAMBLE. That is correct.

Mr. CARLSON. In the next drive, you sold \$18,543,000,000, and the individuals purchased \$8,290,000,000 so there is some increase there.

Mr. GAMELE. That is correct.

Mr. CARLSON. In the Third Loan drive you sold, according to this statement, \$17,733,000,000 worth of bonds.

Mr. GAMBLE. It was \$18,943,000,000.

Mr. CARLSON. I realize the statement I am using did not show all returns—

Mr. DINGELL. Mr. Chairman.

The CHAIRMAN. Mr. Dingell.

Mr. DINGELL. Eighteen what?

Mr. GAMBLE. \$18,000,000,000.

Mr. DINGELL. Practically \$19,000,000,000.

Mr. GAMELE. That is correct.

Mr. CARLSON. Of that amount you sold \$4,435,000,000, but it is not complete.

Mr. GAMBLE. \$5,373,000,000, the Third War Loan drive. In other words, 35 percent or less went to individuals. That is right.

Mr. CARLSON. In the First Loan drive, about, roughly speaking, 25 percent. Well, now, what plans are you making to further increase these sales to individuals?

Mr. GAMBLE. Well, our plans, Mr. Congressman, are to do exactly what I pointed out in this statement. That is, that we have to expand our area of personal solicitation. We have found and have been very successful, as you perhaps know, we have some 27,000,000 people who are buying bonds regularly on the pay-roll-savings plan. There are about 54,000,000 people in this country available with some type of income. That is less the men in the armed services and so forth.

Our job in these great drives is to try to canvass every person with an income in this country; that is a big undertaking, and to stand here and say to you that in each one of these drives it was physically possible for us to organize enough voluntary workers and do the job at a cost on one thirty-third of 1 percent and go out and reach those people easily would be a misstatement. But our plans, our areas of personal solicitation was doubled in this last drive. I am confident from my own knowledge of what we have done in the 51 offices that we operate in this country that in the Fourth War Loan drive in January that we will expand that area to a point of where we will reach perhaps three-quarters of all the people in this country and ask them directly to buy a bond during the Fourth War Loan drive.

Mr. CARLSON. How much money has the Treasury spent on the three drives or is it spending on any one of the three drives to sell bonds?

Mr. GAMBLE. I think I could best answer that, Mr. Congressman, by telling you what our annual expenditures are. They are not cut up exactly like that. We could make a break-down and try to show you what a drive costs, but a good many of our people are regularly employed, and all we would have to do would be to allocate a portion of that cost to the drive.

We are operating on a budget of about \$14,000,000 a year, the War Finance Division, and it is about one thirty-third of 1 percent of the \$50,000,000,000.

Mr. CARLSON. That is a thirty-third of 1 percent?

Mr. GAMBLE. Yes, sir.

Mr. CARLSON. That \$14,000,000 is an expenditure then used by the Government for the sale of War bonds.

Mr. GAMBLE. That is correct.

Mr. CARLSON. How is that spent?

Mr. GAMELE. How is it spent?

Mr. CARLSON. Yes, sir.

Mr. GAMBLE. For the most part in personnel. We have at the present time some one-thousand-three-hundred-odd regularly employed people in the field. We have here in Washington about 400 people.

Mr. CARLSON. Do you purchase advertising space?

Mr. GAMBLE. We do not buy any advertising time or space, anywhere.

Mr. CARLSON. That includes radio, motion pictures, and everything?

Mr. GAMBLE. Yes, sir.

Mr. CARLSON. Well, then, you buy mats and forms.

Mr. GAMELE. That is correct. We buy all of the materials. As an example, Mr. Congressman, in the Fourth War Loan drive, we have already prepared 52,000,000 descriptive folders of securities to be offered to these 52,000,000 individuals we are trying to solicit. We have prepared 4,000,000 sales manuals to prepare the workers to be used in the plan. We have prepared some 60,000,000 order blanks. We have prepared some 20,000 posters. We have some 50,000,000 window posters that we are going to use.

Mr. CARLSON. Is that a part of the \$14,000,000?

Mr. GAMBLE. That is all part of the \$14,000,000; yes, sir.

Mr. CARLSON. The statement has been made, and I heard it out home so it is not just a statement made around here today, that you send out a lot of mats, a lot of material, and it clutters up these newspaper offices. They do not request it and do not need it. What about that statement?

Mr. GAMBLE. Well, I think that statement is unfounded. I think in any operations big as this, there are 10,000 weekly newspapers in the country, and some 17,850 dailies and you take the duplicate papers, that of both morning and evening editions, you have 2,217, and there are bound to be out of that number of papers a few of them who have been receiving something that even after having ordered it, they feel is a waste of money.

For example, we have in the Fourth War Loan drive, we have this problem. We have about 4,200 newspapers on our regular mailing list, 4,200 newspapers that use at least one Treasury ad a week, and have sold, if you please, a sponsorship of that advertisement on a 52-week basis.

Now, we assume that that paper is a regular customer of the Treasury and when we prepare our fourth loan advertising material, we would send an additional order of advertising mats to those 52. We do that in the interest of expediency, to protect and properly administer our program.

I might say the Treasury does not pretend to be a great authority on these advertising problems. We are counseled and advised by the best minds in the country as to an orderly manner in which to proceed in this work and I think in the main, Mr. Congressman, it has been just an unbelievable job.

I think that there has probably been, in the past, some mistakes made. Maybe a pamphlet was printed that should not have been printed. I do not know. I am not thinking of any specific thing, but I do not want to stand here and say to you that we are lily-white and pure, but I think that you gentlemen can examine every piece of material that is sent into the field for the Fourth War Loan and I might add we are in a position to show you that—I doubt if there would be anything on the thing we are doing.

Mr. CARLSON. I did not want you to think I was critical. I was trying to get some information to see if we could improve it.

Mr. GAMELLE. Yes; we are constantly searching for that, Mr. Congressman. I think in the past, for example, we have some little daily features in the newspapers, War Bonds in Action. Daily newspapers all over the United States take that little mat and run it on the front page of the paper. It is invaluable space from the Treasury's point of view.

We start out from that service, and we may have 8,000 papers indicate that they want it, and maybe after 13 weeks they get tired of it and maybe there is, oh, a hundred out of the 8,000 that think the Treasury is wasting money continuing to send it to them. We do not have 24-hour checking service on that. I suppose you might say there are a few hundred dollars wasted in an operation involving millions of dollars.

I make no defense, but I think good common horse sense is used in the administration of our program.

Mr. CARLSON. Another criticism I have heard, I am wondering if you are aware of it. I am wondering if you have any letters or if you get any complaints from the newspaper people that this sponsoring of ads by the local merchants is a burden, and one that they really do not appreciate.

Do you get anything from the mails to indicate that?

Mr. GAMBLE. We do know, and I might say to you so you may understand how the Treasury operates, we have this War Advertising Council which takes care of the preparation of these ads, representatives of all the large advertising agencies, and we have the Allied Newspaper Council, which was set up to aid the Treasury. It is headed by Mr. Frank Tripp, and there is a membership on that committee of representatives of the press from all over the country.

That committee is constantly meeting with the newspaper people and constantly finding out what the papers want and what they do not want.

In addition to that, I submit as a retailer, they sponsor a good portion of our sponsor advertising. We have the retail dry-goods association, retail federations, and numerous chain stores, and State associations of retail stores that are constantly advising and counseling with the Treasury, and we get no such indication. In fact, the great increase that has been made in the third war loan drive can to some extent put a lie to the statement that there is growing resistance, because I do not think you can double your market in the face of growing resistance, and that is about what we did in the third war loan drive. And it is all voluntary, Mr. Congressman. There is no pressure put on these people.

I know of no single instance where an advertiser has been made to feel that this was his patriotic duty and obligation that he could not properly turn it down.

Mr. CARLSON. Well, Mr. Gamble, I have a high regard for you in the work you are doing, and it is just called to my mind that our committee had witnesses from other Government departments stating that all those contractors who have signed up renegotiation statements were not under any duress or pressure. When you talk to contractors privately they do not talk that way.

Mr. GAMELLE. I do not want to stand here and say to you that of the ten or twelve thousand newspaper publishers in the country that to a man they were in favor of the kind of a job that we were doing. I would not presume for a minute that that is so. But I can certainly stand up here to say to you that the great majority of retailers and merchants in this country who in the final analysis are supporting this program and paying this bill are heartily in favor of it, and every yardstick of measurement you have to go by points in that direction.

Do you think it is reasonable, Mr. Congressman, for the Third War Loan advertising to have doubled over the Second War Loan advertising if in this area of weekly newspapers and daily newspapers there was a growing resistance to Treasury advertising?

Mr. CARLSON. Well, I am not a witness here, but I will say that I do not own a dollar's worth of newspaper stock or interest in one, so what I know about newspapers I have got to learn from the outside.

And I have a few newspaper friends who seem to be greatly concerned about it and I know how they go up and down the streets selling space to merchants for bond campaigns. It may be easy in some of these war-boom towns, but it is not so easy where the boys have left for the service, where the filling stations are closed up and where the merchants have no stock on their shelves.

But that was not the point I wanted to get to. I was wondering if the ad would not be more effective if we did not have them signed at the bottom "this ad is sponsored by John Jones Manufacturing Co.," and so forth.

Mr. GAMBLE. It is our belief it would be much less. We think the very lifeblood of the operations in this War bond drive is the great voluntary spirit.

Mr. CARLSON. If you run some of these ads in the newspapers of the Nation and signed it with the Seal of the United States or a facsimile of it, would it not convey the impression to the people that this was their Government's request obligation. Would it not have more effect than having some oil company's name signed as sponsor.

Mr. GAMBLE. I think it would have less effect, Mr. Congressman. Well, I will cite you an example.

Mr. ROBERTSON. Mr. Chairman.

The CHAIRMAN. Mr. Robertson.

Mr. ROBERTSON. Mr. Chairman, may I ask one question?

The CHAIRMAN. We are not through over here yet.

Mr. CARLSON. Just one more question.

Mr. GAMBLE. You mean here in the District or Columbia, probably subscribe as to the Washington newspapers?

I point to what the retailers in this town are doing. I point to what the Hecht Co. is doing, Woodward & Lothrop, some of the finest advertising that has appeared anywhere in the United States has appeared right here in the District of Columbia, in support and generous use of their own products in the creative ability of setting these ads up.

Mr. DINGELL. Mr. Chairman.

The CHAIRMAN. Mr. Dingell.

Mr. DINGELL. You did not see some of the Detroit papers on that sort of thing.

Mr. GAMBLE. Yes, sir; and they were magnificent.

Mr. CARLSON. You mentioned in your statement, I believe, that you thought probably Canada had made a good record in the sale of bonds, but you said advertising had not been responsible.

What is responsible for the sales to individuals in Canada?

Mr. GAMBLE. Personal solicitation. And I might say while we are on that subject, because there always seems to be some misunderstanding about that, the Canadian program is costing about 1 percent, as a result of them paying their workers, paying their banks, for the issuance of these securities, and paying for advertising. The Canadian program cost is 1 percent, slightly over 1 percent of their sales.

If you put that same 1 percent against our sales, our program, instead of costing \$14,000,000 a year would cost \$500,000,000 a year, and our greatest worry, Mr. Congressman, is once you break away on one section of this without any obvious accomplishment, that you are going to open up that problem, that you are going to probably discourage the voluntary help we are now getting from small radio stations and small theaters in small communities, and they are no different from small newspapers in those communities.

Mr. CARLSON. There is not a facetious remark, but your present method has sold about 20 percent to individuals while Canada has sold 75 percent.

Now, you may talk about little your cost is. Possibly this 1 percent is cheap.

Mr. GAMBLE. Let me answer that in a different way, Mr. Congressman, by saying that if we had taken all of the money that all of the individuals in this country have, our problem is different. I do not want to indicate by my remarks that you can compare these two problems. I do not think you can. I think they are entirely different problems, but if you went out in this country, and we estimated that out of the \$18,000,000,000 that we have raised in the last 12 months from individuals, that we raised it from approximately \$35,000,000,000. In other words, if we had raised it from all of the money available in the hands of individuals in the last 12 months, we still would not have made the kind of a record you are talking about. Our job is much different.

The CHAIRMAN. Mr. Robertson.

Mr. ROBERTSON. Does the Treasury Department have the present power and present funds to pay for newspaper advertising in bond campaigns if it wishes to do so?

Mr. GAMBLE. It has the present power to do so, Mr. Congressman. It would be restricted somewhat in its funds. Its total appropriation would not allow it to do very much, but it could do some if it so elected.

Mr. ROBERTSON. Could you do as much?

Mr. GAMBLE. We could not do as much as is suggested here.

Mr. ROBERTSON. How much in terms of dollars?

Mr. GAMBLE. It would be negligible in terms of dollars, because we are operating on a budget of \$14,000,000.

Mr. ROBERTSON. You do not have any leeway.

Mr. GAMBLE. The leeway we would have would be the elimination of one thing in favor of another. It might be the curtailment of field personnel. It might be the curtailment of certain promotional materials and replacing it with paid advertising. But we do have the authority to do it.

The CHAIRMAN. Mr. Gamble, what have you to say about the economies back of this proposed legislation?

Mr. GAMBLE. Well now—

The CHAIRMAN. I believe the proponents maintain the Government will save money by the adoption of this, or some similar legislation. Have you any position on that?

Mr. GAMBLE. Yes, sir.

The CHAIRMAN. And the newspapers would be better taken care of; it looks like a very desirable thing from both directions. Have you anything to say about that?

The chairman of the Committee on Appropriations is a very responsible man. He says it is worthy of consideration and he says the Government would save money.

Mr. GAMBLE. I do not know what the gentleman bases that argument on.

From our point of view, Mr. Chairman, you would be increasing our cost of government by just whatever amount of money you appropriated for this bill.

The CHAIRMAN. Well, is there anything to this aspect of it, that these newspapers, especially the larger ones that do this advertising free of charge, that they charge this service they render, I take it, as a deduction in their income tax return, and consequently pay less taxes? I have heard that brought out.

I just wondered if that is so. If it is, why of course there is a good deal in that contention.

Mr. GAMBLE. I think not, Mr. Chairman.

The CHAIRMAN. How is that?

Mr. GAMBLE. I do not believe that to be true.

The CHAIRMAN. Now, the Government saves money by paying directly for this advertising. It seems it would do a favor both ways. I just wanted to know what you had to say about the economy aspect of this legislation.

Mr. GAMBLE. We do not think it would save a dime, Mr. Chairman, and I pointed out in my statement—

The CHAIRMAN. If they take this service as a deduction, why would they not save a dime?

Mr. GAMBLE. Well, we think the same money would be spent regardless of the bond program.

The CHAIRMAN. How is that?

Mr. GAMBLE. We think the same money would be spent regardless of the War bond program.

The CHAIRMAN. The same money would be spent?

Mr. GAMBLE. Yes; we think that if General Motors, as an example—

The CHAIRMAN. I know, but if you were to get more taxes on that.

Mr. GAMBLE. I think not.

The CHAIRMAN. If you paid for this service.

Mr. GAMBLE. No, sir.

The CHAIRMAN. You think not.

Mr. GAMBLE. No, sir.

The CHAIRMAN. Any further questions?

Mr. Dingell?

Mr. DINGELL. Mr. Chairman, we have two very fine patriotic citizens in the State of Michigan directing these War loan drives and War Savings stamps drives, Mr. Frank Isbey, I think he is called the State director for the State of Michigan, and Nathan Shapero, for the metropolitan area of Detroit, two businessmen firecrackers; and a long time ago, they started a live-wire plan in the Detroit papers. I just sent to my office because I had this on file and it may present an example to the committee; to boost bond and stamp sales I have some newspapers here that indicate exactly what they are doing.

Much of this is being done at the expense of these businessmen. This ad has to do with War Savings stamps.

Mr. GAMBLE. Yes, sir.

Mr. DINGELL. Now, this of course is nothing. What I had reference to is the newspaper triumverate. They put out regular editions and some of our finest stores and merchants take space; here is one, Ernest Kern, "Bonds or bondage, the choice is up to you, Ernest Kern."

Now, these people put that in that paper, and perhaps on another page of it you will find more of them. They compete with one another for the privilege of just doing that.

Mr. GAMBLE. That is right.

Mr. DINGELL. When I saw what Ernest Kern did there, and the price they paid to aid their Government in this time of crisis, it certainly stirred something in me, that eventually will react to the benefit of Ernest Kern & Co. in the city of Detroit.

Ernest Kern & Co., J. L. Hudson Co., Sears Roebuck & Co., Cunningham Drug Stores, Crowley's, Peoples Outfitting Co., Claytons Clothiers, Hughes & Hatcher; all the banks and scores of other business houses in every line, took part in advertising the Bond Drive—their part was that of a volunteer aiding a patriotic cause. You didn't have to coerce them, they could not be kept out.

Mr. GAMBLE. That is right.

Mr. DINGELL. If you will tolerate me a moment, J. L. Hudson is another concern, and we have scores and scores like them in Detroit. They know the value of this kind of advertising. They do not have to talk about commodities. They do not have to talk about clothing. All they do is go out and pen their name to something that the National Government is sponsoring for the benefit of all the people and it creates goodwill, and they get squarely behind it.

Here is one, "Communiqué from Joe Palooka," Cunningham Drug Store, by this same little firecracker, Nathan Shapero. It is as attractive an ad as any.

Now, they are not advertising drugs, but believe me, they are creating goodwill, and you could not keep those people from aiding their Government in an enterprise of this kind.

Mr. GAMBLE. That is right, sir.

Mr. DINGELL. So I do not think there has to be any coercion or demand to force them in; you cannot keep them from it, and they compete with one another for the privilege of doing it.

Now, these are not the best illustrations. There are others. It so happens I brought these back sometime in 1942. These are copies of June 30, 1942, and July 1, 1942. The Free Press and the News and

the Detroit Times. I do not think anyone had to be coerced. You could not keep them from contributing.

Mr. GAMBLE. Mr. Congressman, if you gentlemen will take time to look at the 5,000 weekly newspapers we collected from the Third War Loan, you will find A. Cunningham, J. L. Hudson, and Ernest Kern in every community in the country.

Mr. DINGELL. That is all I have to say, Mr. Chairman.

Mr. CAMP. Mr. Chairman.

The CHAIRMAN. Mr. Camp.

Mr. CAMP. Mr. Gamble, when you place these ads, are they placed by the advertising agencies for you?

Mr. GAMBLE. No, they are not. Our daily newspaper ads are sent by the Treasury to the daily newspapers and weekly newspaper ads are handled through the Western Newspaper Union.

Mr. CAMP. Does Kerns solicit you to pay this?

Mr. GAMBLE. That particular ad you saw there was an ad created by Kerns themselves. That was not a Treasury ad.

Mr. CAMP. Down my way, I was asked by the chairman of one of the drives, and by the way, this town is the first town in the State he said that the newspapers had to go around to the merchants, and they have received a full-page ad, but they had to go around and get the merchants to pay for it. He said that he thought that you created sales resistance by it because these merchants complained why, if this one does it, I have got to do it, and he said he thought it would be much better if the Government went and paid for the advertising they had than to go around and solicit these merchants and small businessmen to pay for it.

Have you had such reaction?

Mr. GAMBLE. Yes. As a matter of fact, when we started this campaign first, Mr. Congressman, there was some, I think some misunderstanding on the part of the merchants being concerned about whether this was something that the newspaper was doing in the interest of the Government's War bond program, or whether it was something it was doing in the interest of the newspaper's cash register.

I think that was soon dispelled, and I do not think you will find that prevalent today.

Mr. CAMP. I heard that about 30 days ago, and he said that he thought that while he was proud of the record there, he said he thought that perhaps they did not understand it, and the newspaperman told me he hoped he would not have to do it again. He said when he had gone in these places, the people would immediately get to talking about the Price Administration, and he would have to listen to a lot of these arguments and complaints.

I do not know whether you have heard that or not, but I found it in my district.

Mr. GAMBLE. We have not found that condition to be prevalent, Mr. Congressman.

Mr. DEWEY. Mr. Chairman.

The CHAIRMAN. Mr. Dewey.

Mr. DEWEY. Mr. Gamble, you have to coordinate or have your advertising campaign before the drive goes on, and there is somebody in the Treasury that forecasts about how much advertising you are going to need.

Mr. GAMBLE. That is correct; yes, sir.

Mr. DEWEY. Well, now, have you had any falling off on offers of advertising space in recent loan campaigns?

I ask this in view of what my esteemed colleague, Mr. Camp, has questioned you about.

Mr. GAMBLE. Well, it has increased. As I pointed out, it was nearly double in the third War loan what it was in the second. The only concern we have today about advertising is the paper shortage. I think there is all the advertising and perhaps more than the Treasury needs available for the Treasury. There may be some curtailment because of the paper shortage.

Mr. DEWEY. But it is not coming from a resistance on the part of the public wishing to cooperate with the Treasury?

Mr. GAMBLE. No, sir; there is absolutely no evidence of it, Mr. Congressman.

Mr. WOODRUFF. Mr. Chairman.

The CHAIRMAN. Mr. Woodruff.

Mr. WOODRUFF. Mr. Gamble, I want to ask you just one question.

I realize that certain time expires between the close of one drive and the beginning of the next.

Mr. GAMBLE. Yes, sir.

Mr. WOODRUFF. And I have been wondering just how many bonds are being sold in that interim.

Mr. GAMBLE. In the interim period?

Mr. WOODRUFF. Yes.

Mr. GAMBLE. About \$850,000,000 a month at the present time.

Mr. WOODRUFF. That has nothing to do with the bonds that you are collecting from the pay envelope?

Mr. GAMBLE. Yes, that does include that. There are about slightly over \$400,000,000 a month coming from the 27,000,000 people on pay rolls and about \$450,000,000 coming from outside sales.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. I do not expect you to agree with me, sir, but at least I want to get it off my chest.

What is the real value of advertising in bond sales? What does that do in the community?

Mr. GAMBLE. Well, I think it makes people aware of it. I do not think it is possible to go out and sell millions of people anything unless you have an awareness, unless you spread an awareness of the operations.

Mr. REED. In other words, to put it in homely language, in a small locality, you cultivate a desire or a want on the part of the people for the thing advertised, is that right?

Mr. GAMBLE. I think that is true.

Mr. REED. That is really the purpose of advertising is it not, one purpose?

Mr. GAMBLE. It is one purpose, yes.

Mr. REED. There is some who try to sell directly by advertising and there are others who use it to aid their sales drives.

Mr. GAMBLE. Yes, sir.

Mr. REED. For instance, you want to get the individual to buy bonds, and so the local ad telling the story of the boys in the foxholes, or for instance the story such as has come out here recently of the boy who

in a letter found on his dead body said he could appreciate how Christ felt. Did you read that story?

Mr. GAMBLE. Yes.

Mr. REED. All right. People read them. They have relatives in the war. Their minds are cultivated to make them aware of their responsibility. They do not walk right down and buy a bond.

Mr. GAMBLE. That is right.

Mr. REED. But along comes the canvasser, and if there are three canvassers, the resistance, as a result of the ad, to buying that bond is reduced each time; is that true?

Mr. GAMBLE. That is correct.

Mr. REED. All right. Now, you want to sell to the individual?

Mr. GAMBLE. Yes.

Mr. REED. Now, there is another factor entering into this thing psychologically, and that is this. You take in a town where there is an editor, a local editor, maybe there are two of them on two different papers in whom the people have confidence.

They know the editor, and what the editor says is gospel to them; and in these papers these ads are run, these stories are told as to why these bonds ought to be bought.

All right. Now, what I am getting at here is that in my district there are about 40 papers. I know some of them are struggling hard to survive. They are sales agencies that ought to be preserved for the future. I know that in driving through many towns you will see signs "Closed for the duration." That fellow has gone out of business. A little farther on, a gas station, "Closed for the duration." They have got an investment, and they are hanging onto it, but little by little the sponsoring fund for bond ads is growing less in that community, so you have several problems here.

You want to maintain the agencies that the people have confidence in, that tells them the story and the reason why they should buy bonds so the solicitor can do his good work. That is one thing.

Then you want to preserve the press in the country in the small communities. That is another. That is the viewpoint I am taking. You do not have to agree with me, but I am just pointing out the way I feel about these things. These are valuable agencies. You cannot afford to destroy them, and, as time goes on, and you have more and more of these drives. In my opinion, the end of the war is a long way off; it is a hard war, and the people have not fully realized it yet. They do not realize it, and they are not sold on the proposition that they are going through a struggle that will eventually wring their hearts and visit every home. They do not realize it, and as time goes on they are going to, and they will realize it more and more as the story is told in the right way through advertising the sale of these bonds.

I cannot help but feel that under the circumstances, with the sponsoring fund growing weaker and weaker all the time, and the importance of the small press to the country, we do not want to build up any monopoly by destroying the small press. I am for all the papers and I do not want any of them destroyed. My idea is that it would be the part of wisdom, looking ahead, to see that these agencies are not destroyed and the Government with the small sum involved in this bill can preserve these agencies which will help in the sale of

the bonds. The small papers are an essential part of the community, and an essential part of our way of life in this country.

The CHAIRMAN. Thank you, Mr. Gamble.

STATEMENT OF ROBERT L. F. SIKES, FLORIDA, ON THE BANKHEAD-CANNON BILL

The Bankhead-Cannon bill is not a subsidy measure. It cannot be considered in its proper light until that point is eliminated. The bill is a meritorious attempt to compensate in small way some of the country's newspapers for actual costs which publishers have paid from their own pockets for the United States Government.

The Federal Government requires many services, and it expects to pay for them. Its workers and executives receive compensation. Its lawyers and doctors are paid for their services. Its manufacturers, shipbuilders, and contractors are in nearly all cases guaranteed a profit. Even its volunteer workers are not asked to give of their merchandise. But the newspaper man is placed in a different category. He sells space. So the Government asks him to give space to its programs, its drives, and its propaganda.

But space to the newspaper man is not free, just as steel plates are not free to the shipbuilder, or concrete to the contractor. The newspaperman creates space out of skilled labor and expensive equipment. The standing of his newspaper, often acquired through long years of sacrifice and conscientious service, gives this space a value. Having invested in space and given it value, he offers it for sale to his advertisers. If he gives it away, he is giving away merchandise for which he has already paid. When it asks the newspaperman for space, the Government is asking him to donate the principal product of his capital. Let me repeat, the Government does not ask other businessmen to give away their merchandise.

Perhaps a salutary effect will be had through the passage of this legislation. Perhaps it will help to eliminate some of the volume of unnecessary releases which pour out from Washington bureaus, impeding the mails and cluttering up editorial desks. Perhaps it will cause these releases to be more carefully edited. Perhaps even the costs of this measure in operation can be recovered in reduced personnel and supply costs in Washington. This is not too much to hope for. Certain it is that essentially important material will have the right of way to the desks of the Nation's editors if this bill becomes law.

In fairness to the newspaper people of America, this bill should be enacted. They have been long suffering and uncomplaining. But right is right and this measure in part corrects an old, old debt.

The CHAIRMAN. The next witness is Mr. Don Eck, general manager of the National Editorial Association.

Mr. Eck, please identify yourself by giving your name, address, and connections for the benefit of the record.

STATEMENT OF DON ECK, GENERAL MANAGER, NATIONAL EDITORIAL ASSOCIATION

Mr. ECK. I am Don Eck, manager of the National Editorial Association, Chicago, representing 5,100 newspapers throughout the country.

The CHAIRMAN. Did you say you wanted about 10 minutes?

Mr. ECK. Yes, sir.

The CHAIRMAN. Do you prefer to make your statement without interruption and answer questions later?

Mr. ECK. Yes, sir.

The CHAIRMAN. Without objection, you may proceed.

Mr. ECK. Home-town newspapers, more than 9,000 of them across the Nation, are the voice of rural America, citadel of democracy, where dwell, according to United States 1940 census figures, 68,953,378 loyal, independent, freedom-loving Americans, 52 percent of the total population.

Home-town newspapers provide an intense coverage of these small towns and rural areas with an aggregate circulation of approximately 15,747,492. A reader interest survey made in Minnesota in August 1943 revealed that 3.9 is the average number of persons reading each copy of their home-town newspaper, and a recent similar survey made in New Jersey showed the average readers per copy to be 5.1.

Intensity of interest is demonstrated by the fact shown in the Minnesota survey that each subscriber reads his copy of the home-town newspaper an average of three different times during the week, and that the local newspapers are read column by column from front to back. Thus, America's home-town newspapers afford a total of approximately 188,969,904 reader impressions, an average of 22,063 per publication.

Home-town newspapers deliver the advertisers' message to the greatest number of people in rural America. Each paper has concentrated and thorough coverage of the local trade area. These home-town papers are very close to the people who read them, and there is a personal and possessive relationship between the home-town paper and the home-town people that make it the most effective and trusted publication that comes into the home.

According to United States Department of Commerce figures, the people in rural America, which area includes some 15,000 small towns and over 6,000,000 farm families, possess nearly half of that Nation's total buying power.

The rural and small-town market is based on the stability of food production, rather than on the fluctuations of business and industry, and is more stable than most metropolitan areas. A vast majority of the people in rural America are thrifty and in these periods of unusual prosperity response to their long training in thrift accumulate a surplus in savings that will be above the average per capita for metropolitan workers.

This is due in part to a large percentage of the people in the rural areas and small towns producing their own food in good times and in bad, while the expenditures of metropolitan dwellers for food increases along with added purchasing power, many times exceeding workers' increase in income. Also, a much higher percentage of rural and small-town people own their own homes than do those who live in cities, again effecting a difference in net gains of the two groups, as rental charges usually advance more radically than do maintenance costs for the home owner.

Too many big advertising copywriters look down their noses at our agricultural population. It has gone on record here that all of this copy is prepared by professional men. I doubt very much if any of them know a whole lot about rural America and the rural needs, and the copy that should go into rural newspapers.

How would they? They have not put any in there for 20 years. There is no way that they are acquainted with it. And how can they write the copy suitable to it.

One of the largest advertisers came to our Association not long ago and said:

I would like to spend some money in rural America. My advertising agency suggested that I get in a few publishers who know how to write copy suitable to rural population, that know the problems of rural America.

Now does the fellow in the metropolitan center who writes copy for metropolitan papers, metropolitan magazines, know the problems of rural America?

Because farmers have experienced lean years, these misguided city folks consider them as poor prospects for sales appeals. With many members of the committee representing preponderantly rural constituencies, there is no need to explain the errors in this kind of dwarfed thinking. The average farmer gives plenty of thought to all problems, his own and his country's. He offers a definite prospect for War bond sales. Up to now he has not been cultivated properly. Little, if any, of the tremendous volume of sponsored advertising from national advertisers ever reaches his eyes.

The War Advertising Council, which the Treasury Department supports or cooperates with, writes copy that goes into metropolitan areas, and down to towns of 25,000. None of it has gone into rural American publications, and there are 37 programs up now, and it would be a good wager for anyone to take that not a dime of that will go into rural newspapers.

The locally sponsored copy with a variety of themes and patiently underwritten by a merchant in a nearby community has his attention in sporadic campaigns, but never does he read a direct message from the National Government with the attention arresting prestige of the Government's signature free from commercialism of sponsored copy.

Published financial statements of banks and small towns throughout America reflect appreciable increases in personal deposits and savings accounts. These accumulations of idle funds present one of the greatest opportunities presented for the sale of War bonds and prevention of inflation.

Who can get that money out of those banks better than the man that leads the communities, namely, the editors of these towns. One of the most effective steps to be taken in preventing another land boom would be to siphon off this surplus money in small-town banks by sale of War bonds to these people.

Home-town newspapers have contributed millions of columns, inches of space, to the sale of War bonds and other war efforts, and for a limited time were successful in the promotion of sponsored War bond advertising. But this effort ran its course after a few repetitions. Unlike the metropolitan newspaper that could alternate sponsors for such advertising, the possible number of sponsors in each small town was very limited, and few of those were inclined to purchase much space consistently for such a purpose.

The usual practice in these small communities has been to solicit cooperative sponsorship, printing a list of all the sponsors at the bottom of War bond advertising. Unfortunately, but nevertheless true, this practice on the part of home-town newspaper publishers comes to be interpreted as a racket and this opinion was more generously accepted, and openly expressed with each new effort on the part of the publisher.

In many instances, it developed to a point of embarrassment for a small-town publisher to make such solicitation. For example, the fats salvage campaign being released as paid advertising to media covering metropolitan areas by private industry through the War Advertising Council, while free releases are offered the home-town

newspaper publishers by these same agencies who pay for space elsewhere.

This all was being done while we all know there are more fats in home-town American homes than the one-room apartments of New York and Chicago.

Another example might be the scrap campaign, paid space to metropolitan areas, and free releases to home-town publishers. We all know the results; the drive was a flop until rural America was reached through their newspapers.

Having much to do with bringing about this reaction was the necessity for calling on the same limited number of possible sponsors week after week for the same type of contribution. The ultimate result has been spasmodic and inconsistent effort, with complete neglect of effort in many localities.

The success of efforts to sell War bonds depends on the same basic principles as in any other product. Those efforts must be consistent, intelligent, and dignified. For the Government to act as its own sponsor of these advertisements would lend a dignity to the appeal that is not present with local signatures. For the Government to pay for its own advertising schedules is the only way to guarantee the regular and consistent publication of intelligent appeals to the public to purchase War bonds.

Prevention of inflation is recognized as being one of America's most important problems and the surplus funds of those residents in rural America represents a constant threat to a sound economy.

Publishers and editors of home-town newspapers have a responsibility to give adequate and helpful publicity to problems and causes other than the sale of bonds, Red Cross, U. S. O., local charities, civic efforts, churches, schools, and many others deserving of consideration and support. And a very limited number of small-town merchants, many of whom have little on their shelves to sell and with incomes seriously curtailed, should not be expected or called upon to bear the financial burden of promoting a consistent sales campaign to pay the costs of a war that is being fought for all of us.

The direct sponsorship by Government and the allocation of public funds for such purpose is the only fair, equitable, and effective way to accomplish successfully this most important undertaking.

The CHAIRMAN. Have you completed your main statement?

Mr. ECK. Yes, sir.

The CHAIRMAN. Mr. Disney?

Mr. DISNEY. I wanted to ask Mr. Cannon about this this morning, and I really should have gotten into this with Mr. Cannon, but I am a little puzzled about this, Mr. Eck, on page 2 of the bill. There is language starting at line 8—

The advertising space so purchased shall be divided equitably among all newspapers of general circulation which are handled as second-class mail matter under the act of March 31, 1879.

I want to find out and I asked the staff to find out what a newspaper is under the postal regulations and the best I have been able to get is this:

SEC. 19. Mailable matter of the second class shall embrace all newspapers and other periodical publications which are issued at stated intervals and as fre-

quently as four times a year, and are within the conditions named in sections 225-226 of this title—

those are incidental conditions, and section 502 reads:

Except as otherwise provided by law the publication is to be admitted as second class are as follows:

"First, regularly issued at regular intervals as frequently as four times a year; and, second, it must be issued from a known office of publication; third, it must be in the form of printing paper sheets, without being bound with leather, as a book, and not mimeographed; fourth, it must be originated and published for the dissemination of the information of a general public character or devoted to literature, the sciences, art, or some special industry, and having a legitimate list of subscribers.

Have you looked into this to see whether or not this would include magazines, say, like Time and the Saturday Evening Post?

Mr. ECK. Newspapers, Mr. Congressman, are only one segment of second-class mail. They are recognized and received as a newspaper into the post office after a year of regular publication. They are only one part of the second-class mailing privilege, one segment of it. We are dealing of course entirely with newspapers.

Mr. DISNEY. Do you think this definition would cover only newspapers and not magazines?

Mr. ECK. That is right; yes, sir.

Mr. DISNEY. Are you certain of that?

Mr. ECK. Purchase of advertising space in newspapers; newspapers are what is referred to.

Mr. DISNEY. You think the definition of newspaper conforms to this?

Mr. ECK. Yes, sir.

Mr. DISNEY. Have you consulted with the Post Office Department on it?

Mr. ECK. Well, the Post Office does not issue a newspaper permit until they have been published a year.

Mr. DISNEY. I was wondering whether or not this will include magazines.

Mr. ECK. No, sir; it will not include magazines, not this act.

Mr. DISNEY. That is my reason for saying that. What is your authority for saying it would not cover magazines? I am open about it. I am just looking for information, as the chairman said.

Mr. ECK. Well, I do not get the point. When we are selling newspaper space, what reference can be made to magazines in this particular—

Mr. DISNEY. Well, if the general term "newspaper" is defined as I have it here, if that includes magazines, then I am wondering how much more widely spread it would be and how much money would have to be divided among newspapers and magazines, if the magazines were included. How would that cut down the amount of money to be spread among newspapers as such?

Mr. ECK. Well, it says, "among newspapers of general circulation which are entered as second-class matter."

Mr. DISNEY. Yes.

Mr. ECK. How would you include, in this particular act, magazines unless it was placed there by your committee?

Mr. DISNEY. Unless you have the definition of "newspapers," unless the word "newspapers" includes magazines, and by the Post Office regulation it appears to include magazines.

Mr. ECK. Well, newspapers can only be a segment of the second-class mailing privilege.

Mr. DISNEY. I may be wrong about it, but I would like to see the record cleared up about it.

Mr. CAMP. Will you yield?

Mr. DISNEY. Yes.

Mr. CAMP. I think you are a little confused there. Second-class matter, they make a definition in the reference of second-class matter, those magazines or those periodicals which have a cover. Newspapers are those without a cover.

Mr. DISNEY. You have called attention to that—

must be formed of printed sheets without board, leather, or other substantial binding, such as distinguished from printed books for preservation from periodical publication.

Now, this suggestion, this language says that the space so purchased shall be divided equitably between newspapers.

Well, now, there are newspapers and periodicals. Of course, down in my district they are all of the very best.

Mr. ECK. You have got some wonderful ones down there, sir.

Mr. DISNEY. Yes, sir; we have some good ones. I like to be on their side of everything that is involved.

Now, would not a publication like Townsend Weekly be entitled under the doctrine of "equitable distribution" or division to have its share of advertising?

Mr. ECK. It is not considered a newspaper. It is a house organ, not altogether a house organ. It is a publication, more of a trade or fraternal publication, is it not?

Mr. DISNEY. I do not know. I am asking you.

Mr. ECK. You would not consider it a newspaper.

Mr. DISNEY. It may come under that classification.

Well, I do not—

Mr. COOPER. Mr. Chairman.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. The heading is the Townsend Weekly.

Mr. ECK. Yes, sir.

Mr. COOPER. Well, I know any number of papers, as an illustration, Jones County Weekly—

Mr. ECK. And they are registered right in that county.

Mr. COOPER. Each one of them is issued once a week.

Mr. ECK. That is right.

Mr. COOPER. So for your own interest these questions are something you ought to look into to try to get the thing cleared up.

Mr. ECK. That is very fine. I will follow your suggestion.

Mr. DISNEY. According to this definition, it appears that they, that nearly every trade journal would be a newspaper.

Mr. ECK. Is a trade journal a newspaper?

Mr. DISNEY. According to this thing, I do not know. I have never been on the Post Office Committee, but I am wondering now if you do get this bill passed, and there is money distributed, you may want to hedge on that definition of "newspaper," so that it is restricted to the class of papers that are the ones actually doing the job.

Mr. ECK. That is right; yes, sir. Those are well worth while.

I think a lot of these fellows out in these small towns in rural America can sell bonds. That is what we are interested in.

Mr. DISNEY. According to this report, the Treasury brought in, that is where the bonds are sold.

Mr. ECK. That picture is framed in two different panels. One is the facts that they have received, and the other covers the facts they have not received. I have got an office that probably I could get more newspapers into each week from the country than any other in existence, and I also sent out a questionnaire on April 30 asking the publishers in these towns under 10,000 population what resistance and what thoughts they had concerning merchant sponsorship of advertising on War bonds.

Two thousand seven hundred and four replies were received; 2,317 of them said that they were down to the point where they would not go out and solicit money from merchants already having dwindling sales, less income. He says it is a racket. That is the response we got in these communities.

Now, a lot of them are running this sponsored advertising, yes; but it is over their own name. They are paying the freight. They have not received from big industry in the Nation the advertising that the fellow in the towns over 25,000 has received. You can call that all sponsored advertising, if you wish. A lot of that is good advertising, but there is a great deal of it does not get down to the grass roots and sell this, where we all know there is more money per capita available due to their increased earnings. It is just common sense. They have got more to spend. Your local banks, your rural banks have more money. Their deposits are greater. It is just a sales problem.

Is it not something that you want to go out and sell? If it costs you a cent to get in a dollar, it is still very cheap money, and we have got to win this war.

Mr. DISNEY. This seems to me that this recent drive proves that, without this appropriation you are asking, the agricultural States have come more nearly filling their quota, where the rural newspapers predominate, than other States.

Mr. ECK. That is true, but maybe there is a whole lot there yet that has not been touched. We think there is.

Mr. DISNEY. Maybe.

Mr. ECK. There are 13,000,000 families in these United States that do not own a bond. If we can go out and sell them, that is a job.

Mr. DISNEY. If you are correct, you are not asking for enough money, in my judgment.

Mr. ECK. Well, I kind of feel that way myself about it.

Mr. DISNEY. And I do not more than half mean it because the Treasury is being drained for below the bottom of the barrel.

Mr. ECK. That is right, but maybe we would meet more opposition if we asked for more. The economy would not come into that that is there now.

Mr. DISNEY. Perhaps once you get it, you would ask for more. That always happens. I tried to bring that out with Mr. Cannon, this morning.

Mr. ECK. I saw you were leading up to that, but you are dealing with a different type of men when you are dealing with publishers of rural America. They are the towns where it is located. They are the

community. They are it. They are the men you can take at their face value. Their word is good.

I think as an association proposing this bill that the National Editorial Association would not ask for an increase in the appropriation. I think that we can get more sponsored advertising by showing these editors that the Government is right in there fighting with us on this deal and instead of asking us to do something for nothing, while the other boys are getting plenty.

Mr. DISNEY. I think you will be compelled to ask for more later from the very pressure of the thing, which would require more money later.

Mr. ECK. That would be my first reaction from observing appropriations for the last 13 years, how they grow and grow like lilies of the field.

Mr. WASIELEWSKI. Mr. Chairman, I ask unanimous consent that Congressman Sikes, of Florida, be allowed to extend his remarks on this bill immediately following the statement of Mr. Gamble.

The CHAIRMAN. Without objection that may be done.

Mr. EBERHARTER. Mr. Chairman.

The CHAIRMAN. Mr. Eberharter.

Mr. EBERHARTER. I would like to get an interpretation of a question of this nature. In the bill you provide that it will be communities of 10,000 population or less.

Mr. ECK. Yes, sir.

Mr. EBERHARTER. That publish a weekly newspaper. Do you take into consideration the fact that in some of the metropolitan cities, metropolitan areas, there are what are termed community newspapers?

Mr. ECK. Yes, sir.

Mr. EBERHARTER. For instance, in my congressional district, entirely embraced within the city of Pittsburgh, there are perhaps—

Mr. ECK. Eighteen of them.

Mr. EBERHARTER. Eighteen?

Mr. ECK. Yes, sir; within your immediate area there.

Mr. EBERHARTER. They are just local papers with particular interest to the community, such as Oakland, Hazelwood, Squirrel Hill, and North Side.

Mr. ECK. Yes, sir.

Mr. EBERHARTER. Is it your idea they would all come within the terms of this bill? Under the definition of community newspaper?

Mr. ECK. A few of them, sir, have second-class permits. The balance of them do not have. They are known commonly as throwaways or free sheets. They collect no circulation; no pay for their newspaper.

Mr. EBERHARTER. Well, now, I believe you are familiar with the East Liberty Tribune.

Mr. ECK. Yes, sir.

Mr. EBERHARTER. They have second-class privileges.

Mr. ECK. Yes, sir.

Mr. EBERHARTER. They come within the provision?

Mr. ECK. Yes, sir.

Mr. EBERHARTER. But one with no second-class mail privileges would not come within the provisions?

Mr. ECK. That is right, sir, one would and the other would not.

Mr. EBERHARTER. I see. So that any of those newspapers, then, that do not have the mailing privilege, if they wanted to come in with the provisions of this bill, they should merely apply to the Post Office Department and get mailing privileges, and then come within the purview of this bill.

Mr. ECK. Which they can do if they have a certain percentage of paid circulation.

Mr. EBERHARTER. Thank you.

The CHAIRMAN. Thank you for your assistance to the committee. The Chair is informed that Mr. Benson of New York City must leave this afternoon and would like to be called next.

Without objection, we will call Mr. John Benson of New York City. Please come around and identify yourself by giving your name, address, and connections for the benefit of the record.

STATEMENT OF JOHN BENSON, AMERICAN ASSOCIATION OF ADVERTISING AGENCIES

Mr. BENSON. Mr. Chairman, my name is John Benson and I am representing the American Association of Advertising Agencies.

The CHAIRMAN. How much time will you need, Mr. Benson?

Mr. BENSON. About 15 minutes.

The CHAIRMAN. All right. You are recognized for 15 minutes.

Mr. BENSON. The Senate bill S. 1457, passed by the Senate and now before the Ways and Means Committee of the House, contains provisions which we believe would be harmful to the war effort, to advertising and to the taxpayer, for the following specific reasons:

First, it is virtually a Government subsidy to the press, because it arbitrarily directs that the Secretary of the Treasury spend a fixed amount of money in the country press without regard to and in advance of any plan for doing so or determination of amount and frequency of space needed, or of media to be employed, or of changing needs for advertising in successive periods or in different territories.

The CHAIRMAN. Have you a copy that the members may have of your address?

Mr. BENSON. It is pretty well interlined.

The CHAIRMAN. Very well, go ahead. Perhaps we can follow you if you speak a little louder.

Mr. BENSON. I will repeat that paragraph.

It arbitrarily directs that the Secretary of the Treasury spend a fixed amount of money in the country press without regard to and in advance of any plan for doing so, or the determination of the amounts and frequency of space needed, or media to be employed, or changing needs for advertising in successive periods or in different territories.

For instance, one territory might be doing very well in the bond sales, and we would give naturally less advertising impact there, and another one might have hard going and we would have to give that more impact, and that would be prohibited by an equal amount for each paper.

Two, it would involve a waste of public money in specifying a minimum sum for advertising in the country press which might well be in excess of what would be needed to do an effective job.

Three, it provides for free publicity as a part of the advertising order, a clear channel for influencing editorial opinion.

This would be unfair to the press whose news columns should never be influenced by any advertising patronage. Unless it is news and voluntarily desired by the paper for editorial value, it is unethical to impose it and against the code of the A. A. A. A. We believe most publishers are in hearty accord with that restriction.

Four, it puts the handling of the advertising in biased and inexperienced hands which have neither the adequate facilities nor skill to do an efficient job, namely, newspaper publisher associations which do not practice advertising and are in the position of a seller.

Five, it overlooks the established business practice of employing impartial professional advertising skill and experience to obtain the best results, as prefaced by the bill itself.

Six, it offers the Government net advertising rates direct, that is, grants it the advertising agency commission which is designed wholly to finance an organized service of advertising skill and experience. To grant that to the advertiser is rebating which is an unethical practice in our business and definitely inimical to the building up of effective advertising service.

Seven, it might discourage the present volunteer method of financing war theme advertising for the Government, which has yielded a very large amount of sponsored space and time and expert service without charge, estimated at \$300,000,000 since the war began.

If there should result a major shrinkage in the volume of sponsored advertising, it might seriously impair the stimulation of an all-out effort on the civilian front at a time when we are facing a military crisis in the war. This might be a dangerous risk to take.

In this war the Government has freely turned to the War Advertising Council to produce and disseminate effective appeals to the public. The council is jointly sponsored by the advertisers, agencies and media for the sole purpose of aiding the Government with its war effort. It has handled tens of millions worth of volunteer and donated advertising for this purpose since the war began. It has mobilized and is employing the best talent and the widest experience in advertising which the country affords, on a volunteer basis of donated service to the war effort.

The advertising agencies which produce and disseminate the Government messages have been devoting all their available talent and time to the job. They have been especially active in serving the Treasury in its bond selling. Advertising managers and publishers have had an equally important part, but the agencies have been used to produce and place the advertising.

This service is rendered without any charge to the Government.

In the present matter of the Bankhead bill, I wish to make it clear that we are not looking to our own profit, nor are we advocates of any other media competitive with the country press. We have been working, with minor exceptions, on a volunteer basis of sponsored space in whatever media donated, and of free service ever since the war began. We would like to continue on that basis. This has worked well for the war effort, afforded a huge amount of advertising value without cost. At the same time many national advertisers have had a fine opportunity to serve the war effort with sponsored

advertising of their own and to build themselves a niche of good will in the public mind.

In objecting to the Bankhead bill, as passed by the Senate, we are not opposing paid advertising as such by the Government. In fact, some agencies are handling or have handled campaigns of that sort for the armed forces. Nor are we opposing the use of the country press for promoting War-bond purchases by the small-town public. We believe it would make a very influential medium for that purpose. We have a high respect for the unselfish job it has done in inspiring and helping war projects in local communities.

What we do vigorously oppose is earmarking a given sum of money for a single medium during a given period without first determining what would be needed to do an efficient job, and through what channels of mass communication. That violates sound advertising practice and, in our opinion, amounts to a subsidy of the country press.

It also might imperil the volume of sponsored advertising now being freely afforded the war effort without an adequate substitute of paid advertising in its place. If the sponsored or donated space and time were to slump, a broad range of paid media should be made available from which to select those which are best adapted to a given marketing or public-relations problem. This would naturally include the country press. It would also include other media.

If the Treasury is directed to buy advertising in a given class of media, such as the country press, other classes would naturally seek a similar favor, and that could easily lead to political pressure on a big scale unless a general policy of paid advertising is adopted by the Government and utilized for all appropriate media.

Now, we believe that advertising has too important a function in the national economy to have its use by Government determined by any political considerations.

In conclusion, I would like to say that if this group thinks well of paid advertising to promote the war effort, which we neither promote nor oppose, or if they want any other method of helping the war effort, the agencies of this country stand ready to do all they can to make that appeal as public and as businesslike and as constructive as we can under the limitations imposed by any law you may pass.

Mr. Chairman, I would like the privilege of putting into the record a very short statement made by the War Advertising Council, to which I have referred, if I may. If I am to read it, I would have to read a page and a fifth more.

The CHAIRMAN. Without objection, it may be inserted.

Mr. BENSON. The War Advertising Council, composed of representatives of the principal advertisers, advertising mediums, and advertising agencies of the country, and organized solely to serve the Government in the prosecution of the war, is opposed to the Bankhead bill as passed by the Senate, and to the related Cannon bill now before the House of Representatives.

The council believes that either of these bills, if they become law, will hinder the war effort, will be wasteful of the money they would appropriate, and will put the use of advertising by Government upon a subsidy basis instead of a business basis.

Such a law will hinder the war effort because:

One, it provides only that the Government shall pay for one kind of advertising, in one kind of medium. This will undermine the pro-

gram of patriotic advertising contributions from all mediums and all advertisers and services agencies which has secured the Government more than \$300,000,000 worth of war advertising messages on a volunteer basis in 1943.

Two, and because it will undermine this structure of voluntary effort without substituting an adequate, balanced Government paid effort in its place.

Such a law will be wasteful of the money appropriated under it because:

One, it makes mandatory the selection of advertising mediums irrespective of their advertising value.

Two, because it makes mandatory the expenditure of advertising funds in a given fiscal year without any appraisal of the advertising need for such amounts.

Three, because the Bankhead bill prohibits the use of the established, proved advertising talent organized in advertising agencies for making advertising messages effective.

Such a law will put the use of advertising by Government upon a subsidy basis because:

One, by establishing arbitrary yardsticks for advertising patronage, and favoring one limited class of advertising mediums as against all others, it will inevitably result in demands from other mediums for such political recognition, irrespective of advertising merit.

Two, because it will put into the hands of Government administrators the power to make advertising expenditures in sufficient volume to determine the difference between profit and loss for many publications.

Either of these bills, no matter what the motives of its proponents, will be vicious and dangerous in its effects. It will not promote the war objectives declared to be its purpose, but will hinder them. It will not produce a sound Government advertising program, but a wasteful one. It will not forward the permanent interests of the small-town press, but will hurt them.

The CHAIRMAN. Have you completed your statement?

Mr. BENSON. Yes, sir.

Mr. DEWEY. Mr. Chairman.

The CHAIRMAN. Mr. Dewey?

Mr. DEWEY. Mr. Chairman, Mr. Benson is a very old friend of mine and I know that this committee will be interested to hear that his son, Lieutenant Benson, is an officer on the aircraft carrier *Liscombe Bay*, which has been sunk, and I know that you and all of us extend to Mr. Benson our sincere best wishes that he will soon have word of the safety of his splendid boy.

Mr. BENSON. Your wishes, Mr. Dewey, have come true. We had a cable that he is safe and well.

The CHAIRMAN. Thank you, Mr. Benson.

(The following letter was later submitted for the record:)

AMERICAN ASSOCIATION OF ADVERTISING AGENCIES,
New York, December 4, 1943.

The Honorable ROBERT L. DOUGHTON,
Chairman, Ways and Means Committee,
Washington, D. C.

DEAR MR. DOUGHTON: The narrow escape which I had from losing a son of mine on the *Liscombe Bay* carrier torpedoed near the Gilbert Islands has made me feel keenly for the hundreds and maybe thousands of families whose sons

have been lost in that expedition, which after all is a minor episode in this war. There will be tens and hundreds of thousands of them if the war is long protracted.

The event has brought home to me the drastic need of shortening this awful war. It has made me feel that all our energies, purposes, and skills should be devoted to an all-out effort to that end, by backing up our fighting forces with the civilian front, regardless of individual need or profit.

We must shorten this war.

This applies in full force to the advertising problem before your committee on which the Bankhead hearing was held. We must solve it with no other aim in view but applying a maximum of well-directed impact upon the public mind, as skillfully and effectively as possible, using either sponsored or paid-for space, as may be available. But whichever we employ must be made available to the limit of power and volume needed, at a time when we are facing probably the peak of military effort in the war.

To have a minor amount of paid-for advertising handed to a single medium like the press might seriously impair the volume and the spirit of volunteer effort. We fear this. Maybe the fear is exaggerated or even not well founded, but it is a fact.

We have been going along on a sponsored basis since the war began, with an ever-growing volume of available space and time, now estimated by the Treasury as about \$300,000,000, and with the best advertising talent and experience in the country afforded through the War Advertising Council or otherwise, by agencies which produce and disseminate the war messages; all without charge to the Government.

We know what that will do. We do not know how much it might be impaired by spending a fraction of that amount in paid space. It would seem a grave risk to swap horses in midstream. The only safe way to offset it would be by appropriating many tens of millions to do a paid advertising job, making all the major media available to use where and when they become best suited to a given need, to be applied wherever that need develops, in point of time, territory or objective. We cannot waste it by scattering buckshot everywhere; we must use rifle balls aimed at specific targets, as is done in commercial advertising.

This is no time for halfway measures. There is too much at stake. And any suspicion of a subsidy to media would have a demoralizing effect upon those advertising forces which are making an all-out effort to serve without thought and profit to themselves.

We have tried in vain at headquarters to amend the Bankhead bill so that the subsidy curse could be removed and still afford the country press a substantial advertising volume. They need it and they deserve it. Their national lineage has suffered from the war and their local lineage is bound to shrink, commercially speaking, with a growing shortage of consumer goods on the dealers' shelves. I understand that their expenses are on the up, their manpower is short, and Office of Price Administration price restrictions and rationing are severe. The unselfish work done by country publishers in inspiring and organizing war projects in their local communities is most commendable. We want to keep that going.

The country press, we believe, would make an influential medium for stimulating War Bond purchase in the small town and rural communities. But they should never have it as a hand-out. They should have it as a proper share of a total appropriation for all media needed, based on well-laid plans for its expenditure.

This is a difficult situation for your committee and it is a difficult situation for us. The only way to solve it, it seems to us, is by eliminating all considerations but an all-out effort to promote the war. Nothing else should be permitted to interfere.

You may be sure that the War Council and the advertising agencies whom I represent stand ready to do their best with any available means you may decide, but make it in full power and with freedom of advertising to do its best.

This is no plea for paid advertising, which we neither advocate nor oppose. Sponsored space and time and volunteer advertising service are still working and working well.

If permissible, will you put this letter in the record, as an addition to my testimony at the hearing.

Respectfully,

JOHN BENSON, President.

The CHAIRMAN. The next witness is Mr. Philip T. Rich, of the Midland Daily News.

Is Mr. Rich here?

Mr. RICH. Yes, sir.

The CHAIRMAN. Please identify yourself; give your name, address, and connection for the benefit of the record.

Mr. RICH. Yes, sir.

STATEMENT OF PHILIP T. RICH, PUBLISHER OF MIDLAND DAILY NEWS, MIDLAND, MICH.

Mr. RICH. My name is Philip T. Rich, and I am the publisher of the Midland Daily News, at Midland, Mich., which has a circulation of about 5,400 in a town of 12,000, and the Coleman Tribune, a weekly, with 700 circulation in a town of about 500 population.

I am appearing here in behalf of the Michigan Press Association, which has about 350 member papers, both daily and weekly. This organization overwhelmingly favors paid Government advertising and believes it can be used successfully in the sale of War bonds.

I was frankly skeptical of paid Government advertising some 2 years ago when the matter was first discussed in Michigan, and about that time, with three other publishers, I went to Canada to see how their system was working out.

We discussed the matter then with many newspapermen and Government officials. Inasmuch as it was a private investigation, we did not make a formal report, but did tell the story to various individuals.

This past summer the Michigan Press Association became interested and asked W. A. Butler, of Holland, Mich., who runs a daily and a weekly, and myself, to go to Canada and get further information. We attended a newspaper convention there and later had an opportunity to discuss the matter with many men connected in one way or another with the Government.

It is interesting to note that in Canada the subsidy bogey which has been raised by a few large newspapers, which already have all the advertising they can publish, and a few legislators, was never mentioned.

Over there the Government approached the newspapers, told them of the job to be done, bought the space they desired, the same as they have bought everything else, and enlisted the help of the publishers in promoting the campaign through every means of publicity.

I think it is most significant that in Canada this program has resulted in individual war bond sales which now equal the total number of families in Canada.

Another interesting thing pertains to the cost of living. I am told by official Canadian sources that from December 1, 1941, until December 1, 1943, the cost of living in Canada rose only 3.3 percent, as contrasted to a rise of 17½ percent from 1939 to 1941. Rationing and price control undoubtedly played a part, but Canadians also believe that the successful siphoning off of excess earnings by individuals and investment in bonds definitely held down inflation. To those who say that the Canadian subsidy helped, I wish to point out that this subsidy has only been in effect since December 1942, and could scarcely affect what took place in 1941.

It has been stated repeatedly that large volume of bond sales to individuals is most desirable to stop inflation. This is what our Treasury Department says, but in this connection, the Treasury admits now that only about 81 percent of our E bond quota was met. This in spite of all the fanfare about our quota being oversubscribed. The fact is that thousands of wage earners, farmers, and others did not buy bonds, nor was any serious attempt made to sell them bonds outside of the larger cities and towns.

The Treasury bulletins should be read by more people. They repeatedly refer to Canadian and British systems. A recent one says—and I quote:

Canada's experience with the withholding tax is also offered as an example of what to expect in this country.

And again:

Under existing revenue legislation less than a third of our expenditures are met out of taxes as compared with over 50 percent in England and Canada.

It seems that Mr. Morgenthau thinks everything the British and Canadians do is wonderful except advertising and that that is some kind of a heinous crime.

I believe that the basic idea of Government paying for advertising the same as any commodity, is sound.

I might tell you of a personal experience which we had in our own little daily newspaper.

Early in the game, when we were promoting more bond advertising, we sent our salesman out at the request of some of those who had a bond campaign on their hands, and we tried to sell the merchants advertising. They thought we were putting some kind of a racket over for our own benefit and using the patriotic appeal of bond advertising to high-pressure them into this picture.

As soon as I heard this, we withdrew our salesman and immediately stopped the sale of bond advertising, and from that time on, for many months, and as long as we could afford to, we donated the bond advertising.

After some months had gone along and we had been donating advertising, not only to War bonds but also to scrap campaigns, fat campaigns, and every other conceivable kind of campaign to help win this war, I made some figures, and I discovered that we were spending, out of our own pocket, some \$200 a month for a 4-month period to promote these various war ventures.

In the meantime, the picture changed and a merchants' committee was appointed to solicit bond advertising. One of the first things that happened was that some of the very merchants who had thought we were trying to force this advertising on them came to us and wanted to know how they could get the rest of these fellows to cooperate in bond advertising.

We told them our story of how we tried to solicit it, and how unsuccessful we thought we had been and suggested to the merchants that if they wanted bond advertising to support their campaign, they had better sell it; and that is exactly what happened.

They went out and sold their own bond advertising and they no longer thought we were trying to make a racket of it.

Advertising is not new to Government agencies. It is now done in the United States by counties, cities, townships, States, school dis-

tricts, and various other subdivisions. It has been done by Federal courts, the Army, the Navy, and many other agencies.

Figures recently submitted before the Senate Committee on Banking and Currency showed that some \$4,000,000 was spent by the Army and Navy in advertising, and of this \$4,000,000 less than 1 percent went into the weekly papers of the United States.

It has been done by Federal courts, this advertising, and many other agencies also, and, incidentally, the United States Government has been spending money in magazines, and I would like to ask you gentlemen if you consider that a subsidy.

In Canada, where the war has been in progress twice as long as it has in the United States, officials early recognized how essential it was to have complete access to the public through the press if enormous sums of money were to be raised.

In November 1940, after about a year of war, financing was not doing so well. J. L. Ilsley, Minister of Finance of Canada, promptly called upon the press to help raise enormous sums for war.

The Canadian Publishers War Finance Committee was formed. It represented some 1,400 publications, including 742 weekly and 90 daily newspapers.

The Government laid its problems before the publishers committee. The publishers then called in the advertising committee, representing 27 advertising agencies. The scope of the campaign was discussed, and the task of preparing, scheduling, and handling all advertising left to the agencies' committee. All other media, including radio, films, posters, billboards, and so forth, were integrated into the final program through the advertising agencies.

The publishers themselves took charge of the publicity part of the program through a news and features committee. They took over the planning, preparation, and dissemination of press releases of all kinds, including cartoons, pictures, and so forth. They donated over 57,000 columns in the 1941-42 fiscal year.

According to recent information supplied by Fred I. Ker, Hamilton, Ontario, publisher, who heads the Canadian program, the total cost of all the press advertising amounts to four one-hundredths of 1 percent of the amount of bonds sold.

Incidentally, the question has been raised here on what this will do to sponsored advertising. I think the Treasury Department seems to have some fear it is going to eliminate sponsored advertising. We asked this question of many people in Canada; we found that it actually increased sponsored advertising six or seven times, once the program got under way.

His figures also show that there has been a continuing increase over the years in the number of persons who purchased such bonds. There are about 11½ million people in Canada, and figuring 4.3 persons per family, which I believe is an accepted figure, would show 2,674,400 families. The individual subscribers to bonds in the last campaign were 2,709,556.

Redemptions are higher than here, as aptly pointed out by our Treasury representative, but Canada has been at war for 4 years, gentlemen. By comparison, we would have to show over 30,000,000 subscribers in the United States. Why does the Treasury hide the figures of individual sales in the United States? I have never seen these figures, and I should like very much to see them.

They tell you how many billions of dollars' worth of bonds they have sold, how many sales they made. But you can sell bonds; you can go to a man and sell him 10 or 15 E bonds. That is one sale. That is the way they call it in Canada.

The growth in the number of subscribers in Canada is of interest. Prior to the advertising campaign, a drive for war funds resulted in raising \$367,197,800 from 150,000 subscribers.

Then the advertising promotion began with the first war-loan drive, which raised \$836,820,250 from 968,259 subscribers; the second war loan raised \$997,503,000 from 1,681,525 subscribers; the third war loan raised \$991,536,508 from 2,041,700 subscribers; the fourth war-loan figures show \$1,308,985,500 raised from 2,669,111; and incomplete returns just received on the fifth war loan show \$1,363,901,600 secured from 2,709,556 subscribers.

From these figures it will be seen that while the total dollars raised did not make substantial increases over the years, the spread of those persons buying bonds rose to nearly three times the first war loan.

The entire Government-paid advertising program in Canada last year cost \$3,500,000, according to those who handled its operation. This included the production of publicity material, press, and all other forms of advertising.

According to information published on page 11 of the February 27, 1943, issue of the bulletin put out by the Canadian Weekly Newspaper Association, the weekly newspaper of Canada last year printed an average of 3,000 inches of Government-paid advertising which cost the Government an average of \$1,000 a paper, the total cost for the 743 publications used was \$764,000. Such a program in the weekly press in the United States, based on \$1,000 a paper for the 9,415 weekly newspapers, would cost the Government \$9,415,000. And if the 1,787 dailies were used at an average cost of \$6,000, this would total \$10,726,000.

It seems to me that the job of the United States is to provide more advertising promotion in the so-called rural area where there are fewer war plants and no industry to support a strong advertising program in support of such Government ventures as the sale of bonds.

It is certainly true that in many of the metropolitan areas it is possible to sell large amounts of advertising to support such things as bond drives. This cannot be done in the small towns with no war industries and where merchants are having a hard struggle to stay in business. As a result, the average citizen who is the best prospect for E bonds is not being sold because he is not touched by this otherwise countrywide sales campaign.

I would not recommend that we use the Canadian system 100 percent because it is obvious that conditions are not exactly the same; however, I am convinced: That our Government in the United States can profitably use advertising to do a selling job in the United States; that the selling of bonds shows that the rural areas are neglected; that to reach this area the rural press must be used extensively; that the advertising agencies of the country and many wartime industries have failed to use the press to maximum advantage; that other media besides newspapers could be used to advantage in any well-rounded program; that a definite provision should be made to make certain

that at least half the money used in bond advertising is spent in smaller newspapers.

This committee, in particular, is better acquainted with the reasoning of the Treasury Department than are publishers. You have been recipients of their views on fiscal matters. The record of the Committee on Fiscal Regulation shows quite clearly that you have not always been disposed to attach much validity to their contentions.

We think you should be consistent and subject some of their arguments against the pending legislation to that same questioning review.

I might say that there is an old saying that "You can prove anything by the Bible," and from what I have seen here, of these figures that were submitted, and have been submitted on other occasions, it seems to me that you can prove almost anything by the figures submitted by the Treasury Department.

For instance, Mr. Randolph Paul, general counsel of the Treasury Department, who has appeared before this committee on many occasions, has what appear to us to be some quaint ideas about newspapers and War bond sales promotion.

In a letter dated September 14, 1943, Mr. Paul stated:

The fact of the matter is that our bond drive would be greatly hampered by our having a ceiling of \$25,000,000 to spend with the newspapers. At the present time we are getting, through the cooperation of the newspapers and advertisers in newspapers, probably three times as much advertising as we could buy with \$25,000,000. Much of this advertising consists of purely bond advertisements which are now paid for by local merchants. The newspapers, therefore—

and I am still quoting Mr. Paul—

If they are energetic enough, are able to sell advertising space and are not asked to contribute very much.

May I emphasize the last sentence in Mr. Paul's observation:

The newspapers, therefore, if they are energetic enough, are able to sell advertising space and are not asked to contribute very much.

This statement is obviously a reflection on the newspapers. It is contrary to the facts he maintains in his preceding comments, on the volume of newspaper cooperation.

If you will turn to page 4 of the Senate hearing, it will be found that it applies to the Newspaper Enterprise Association questionnaire reported, that 2,704 newspapers out of approximately 12,000 estimated that they donated space amounting to 583,624 columns, or 11,672,480 inches.

The same ratio probably prevails in the contributed space on non-reporting publications; in other words, on the other 10,000.

Further evidence of the wide disparity between the Treasury and newspaper-industry estimates of space given by the newspapers, may be found in official statements.

There is a distinct disagreement between Mr. Paul and his superior, Under Secretary of the Treasury Bell, in respect to bond advertising in newspapers. Under date of August 30, 1943, Daniel Bell, Under Secretary of the Treasury, furnished Senator Bankhead with official data labeled "Estimated value of measurable advertising for the year 1943, fiscal year."

He listed the impressive grand total of 100,730,000.

In submitting a tabular break-down, Mr. Bell explained, and I quote:

The estimated value of measurable advertising contributed in support of War bond campaigns, fiscal year 1943, has been separately classified either as sponsored or donated. The sponsored advertising includes those cases where advertisers purchased radio time or publication space specifically for promoting the sale of War bonds. The donated advertising includes those cases where there has been no change by the broadcasting network of a publication, or otherwise, for the space or time consumed in promotion of War bonds.

The Under Secretary of the Treasury claimed it was impossible to separate the radio item to determine what amount was paid by sponsors of the advertising, or given by the broadcasting stations. Therefore, in view of their inability to make these separations, considerable confusion exists as to how much time was purchased by the private advertisers, and that donated by the stations.

If it cannot be measured, as in the case of the printed media, it is largely guesswork and must be considered in that light. It is rather surprising, in view of the claim of the enormous donations of white space given by the Federal agencies to the Senate Banking Committee, to find that the Under Secretary of the Treasury has this to say, and I quote:

It will be noted that of the estimated total of \$24,000,000 in measurable newspaper advertising during 1943, in support of War bonds, \$970,000, or approximately 3½ percent was donated by the newspapers themselves.

Then Mr. Bell added—and I quote:

In connection with sponsored advertising—

that is, newspaper and other advertisements which are paid for by department stores, national advertising agencies, and so forth—

the Treasury, in some instances, prepares the material. As to the rate charged by newspapers, it is understood that such charges generally conform to the usual rate of the particular publications by reason of the fact that the space used has already been contracted for by the advertiser and is at his disposition.

These official estimates of the measurable value of sponsored or donated newspaper rates are at variance with the data supplied by the Advertising War Council and others.

Statement B, supplied by the Under Secretary of the Treasury, estimates that the sponsored advertising in daily newspapers was \$16,830,000.

The space donated by the daily newspapers, according to Treasury calculations, was valued at \$170,000,000.

The report shows that the measurable sponsored advertising in weekly newspapers was valued at \$6,300,000 and that the weekly newspaper contributions of their space in bond promotion was fixed at \$700,000.

In comparison with other data, it shows that either the Treasury or the newspapers and the War Advertising Council are wrong in their estimates.

Speaking before the 1943 convention of the American Newspaper Publishers Association, which represents about 610 daily newspapers, mostly those of large circulation, Mr. Chester LaRoche, chairman of the War Advertising Council, stated:

Over \$26,000,000 in newspaper space was contributed for bond advertising. The War Advertising Council checked hundreds of newspapers in medium-sized

towns last summer for 3 months and found that over half of the bond advertising run in newspapers was contributed by the papers themselves. The other \$13,000,000 was contributed by patriotic advertising.

There is a wide gulf between the Treasury's measurement of the space given by the newspapers, and Mr. LaRoche's survey. Of the 1,787 daily newspapers in this country, the total donations of these publishers for the fiscal year would average about \$95 each.

Testimony by small daily newspaper publishers before the Senate Banking and Currency Committee showed that in many instances small-town newspapers gave more space to the promotion of bond sales than they received from local sponsors.

If we are to accept the estimates of the Under Secretary of the Treasury in the comparative amount of paid advertising in the daily newspapers of the country and in the relative space they have given or donated to the bond sales campaign for the fiscal year 1943, then the opposition of the large metropolitan newspapers to this bill is easily explained. They received money from sponsored advertising in the amount of \$16,830,000 and themselves donated the grand total of \$170,000, at the rate of approximately 100 to 1.

The weeklies received \$6,300,000 and donated \$700,000 in space, a ratio of 9 to 1.

It is small wonder that the metropolitan dailies favor continued dependency of the Treasury upon sponsored advertising, although the bulk of it is not seen beyond cities of 25,000 or more.

These big city papers are raising the subsidy cry for obvious reasons, and not because they actually believe that the purchase of white space in all newspapers by the Treasury is anything of the sort.

Despite the unfairness of some of the metropolitan newspaper editors and the publishers as to the purpose of this legislation, I want to say that actually I believe the Treasury Department's figures as to the donation of space by daily newspapers are underestimated.

I am willing to accept the statements of publishers of daily newspapers in smaller cities and towns as to the volume of their space donated, and I similarly accept the estimates of weekly newspapers as to their space donations, which are much higher than the Treasury estimates.

I think it is quite obvious that it is almost impossible for the Treasury Department to check 12,000 newspapers every day, or every week, and obtain these figures and obtain anything like accurate figures.

Let us not be duped by the fetish of subsidy conjured up by the editorial writers of the few metropolitan newspapers. They are not interested in the diffusion of bond sales to the individuals beyond the borders of the cities where they circulate. The donations of space by the national advertisers, in their particular publications, is, as the Treasury Department says, a matter of important revenue.

Mr. Chairman, I should like to insert in the record without reading it, if I am permitted to do so, an editorial which I believe more adequately answers the subsidy question than anything I could say. This editorial is from the November 6 issue of *Editor and Publisher*, which is a trade publication put out by the newspaper industry.

The CHAIRMAN. Without objection, you may refer to it.

Mr. RICH (reading):

When the Treasury invested \$672,000 in magazine space to advertise saving bonds and sold the bonds to the tune of many millions without one inch of sponsored space—was there any thought that the magazines were being subsidized? The question answers itself. Why, then, the reluctance to apply this proved, successful process to the infinitely greater task of today? Great Britain and Canada have regularly advertised their victory loans in newspapers and magazines—and not once has any newspaper or Member of Parliament raised the ridiculous subsidy argument.

The CHAIRMAN. Have you completed your statement?

Mr. RICH. I have a little bit more. I will be through in just a second; but I should just like to say a word in connection with the Vandenberg amendment, if that is being considered by his committee; otherwise I shall pass it up.

Is that matter not in this bill for your consideration?

Mr. COOPER. I wanted to inquire of some of you about these bills, but I want to wait until you get through with your statement.

(The above-mentioned editorial is as follows:)

(Editor & Publisher)

NO "SUBSIDY" IS INVOLVED

The Bankhead bill has been reported favorably to the Senate by the Committee on Banking and Currency, by a vote of 11 to 5. The bill directs the purchase of newspaper advertising space, in dailies, weeklies, semiweeklies, and triweeklies, for the sale of bonds, notes, and other obligations of the United States. Not less than \$25,000,000 nor more than \$30,000,000 per fiscal year is appropriated, with the stipulation that half the amount be spent in papers published in communities of 10,000 or less.

This action of the committee and the prospect of favorable votes in both Houses of Congress has aroused again the sentiment among a few metropolitan newspapers that the legislation opens the way to large expenditures by the Government, with the threat to freedom of the press through what some papers have termed "rap" and others "subsidy." Editor and Publisher has refuted these arguments again and again, but in view of the bill's present status and our past connection with advocacy of advertising by Government, it seems appropriate to review the whole story briefly.

In the issue of January 3, 1942, Editor and Publisher, printed the first editorial urging the use of paid space, rather than donated space, for the sale of war securities. We pointed out that newspaper space was the publisher's stock-in-trade, comparable on that basis with the arms and ammunition it was buying from their producers for cash.

Subsequent issues carried further editorials and comments from the newspaper field which generally supported our initial proposal. These continued through February and March and into April, when the St. Louis Post-Dispatch attacked the idea as a bid for a Government handout to the press and as a road to subsidy by the Government. At this juncture the American Society of Newspaper Editors met in New York, and Mr. Ralph Coghlan, editor of the editorial page of the Post-Dispatch, and the editor of Editor and Publisher, were invited to present their views to the American Society of Newspaper Editors resolutions committee. The result of their debate was a resolution reading as follows:

"Be it Resolved, That the American Society of Newspaper Editors is unalterably opposed to any governmental policy which may be construed or has resemblance to a wartime subsidy of the American press, since such a policy might gravely endanger the news and editorial integrity of newspapers; and be it further

Resolved, That the patriotic services of the American press never have been and must never be evaluated in terms of dollars; therefore, from the standpoint of editors, we deplore any apparent solicitation or action which may be construed as an effort to bring pressure upon the Government to buy advertising space in the newspapers of the Nation."

That resolution failed of passage, being snowed under a flood of substitute motions—all of which rejected the idea of a press subsidy. The question was submitted to a mail vote.

Meanwhile, the Bureau of Advertising of the American Newspaper Publishers Association, meeting the following week, accepted the above resolution that the American Society of Newspaper Editors had rejected, with this addition to the last sentence: "As distinguished from honorable and orderly presentation to government of the advantages of advertising."

Disregarding this advice from the newspaper advertising experts, the American Society of Newspaper Editors resolutions committee submitted this resolution to the entire membership for referendum:

"Be it resolved, That it is a principle of journalism that newspapers seek no favors or subsidies from government."

That was adopted, of course, by a vote of 169-14. The newspapers were then squarely on record, by the voice of their two representative associations, as against subsidy. In the process, they had given no guidance either to Congress or the Treasury as to how their space might be usefully employed for the sale of war securities. Editor and Publisher kept the fight up along its original lines. Several State newspaper associations took it up also.

During most of 1942, the Treasury promoted the sale of War bonds with no central effort, but with 1943 swinging the war effort into full speed, it became evident that more vigorous promotion methods were needed. Secretary Morgenthau then called to his aid several distinguished newspaper advertising men, to whom he made it clear that the Treasury Department did not wish to buy space on its own account but would welcome the contribution of space by private advertisers.

This method was followed during the Second and Third War Bond drives, both of which were oversold—on the whole, but not everywhere to individual buyers on the desired scale. It has been evident from the start that the purchase of War bonds by individuals was one of the major guards against inflation.

Between the Second and the Third War Bond drives, Senator Bankhead introduced his bill, directing the Secretary to use the authority to buy advertising he already possessed and setting up specific funds for the purchase of newspaper space.

Testimony before the committee was given by representatives of both large and small newspapers, the American Newspaper Publishers Association being represented by a letter from President Linwood L. Noyes, which again warned against the dangers of subsidy. The committee, after weighing the evidence, voted to report the bill favorably. Among those so voting (by proxy) was the venerable and incorruptible Senator Carter Glass, publisher of the Lynchburg (Va.) News and Advance, who has had a long lifetime of both journalism and politics. If subsidy were even a remote peril attached to government advertising, we are certain that Senator Glass would have been found on the other side.

Two major points suggest themselves here.

One is how to resolve the doubts on "subsidy."

The other is the comparative efficiency of official advertising and the kind that the Treasury has been willing to use up to now.

Government has used newspaper advertising in recent years for Army and Navy recruiting. The copy was good and the effort was successful. At no point during either campaign was it suggested that the Government was attempting to subsidize the selected lists of newspapers in which it bought space. The advertising produced an unexpected number of recruits at small cost.

When the Treasury invested \$672,000 in magazine space to advertise savings bonds and sold the bonds to the tune of many millions without one inch of "sponsored" space—was there any thought that the magazines were being subsidized? The question answers itself. Why then the reluctance to apply this proved, successful, process to the infinitely greater task of today? Great Britain and Canada have regularly advertised their Victory loans in newspapers and magazines—and not once has any newspaper or member of Parliament raised the ridiculous subsidy argument.

To say that advertising sold to the Government on the regular card rate basis involves a subsidy from the Government to the press is too silly for discussion. To suggest that newspaper policy is for sale at the rate of about \$1,000 per newspaper per year is to put an appraisal on the press, which, if seriously entertained, would mean that newspapers are already too far gone for salvation.

Newspapers that won't be subsidized can't be subsidized.

Now for the question of efficiency. The Allied Newspaper Council reported last week that a total of 118,000,000 lines of advertising had been printed in newspapers for promotion of the Third War Loan, plus 61,000,000 lines of news. Let's forget the news lineage. The bulk of the 118,000,000 lines of advertising undoubtedly appeared in large city newspapers, at an average agate line rate of, conservatively, 20 cents. In other words, more than \$20,000,000 was solicited by newspapers from local and national advertisers to do less than one-fourth of the Treasury's projected job for 1943. At that rate, the Treasury's present advertising scheme calls for 2.5 units of advertising to every one provided in the Bankhead bill. If the latter's calculations are sound, the Treasury is wasting advertising effort—and newsprint—by its unwillingness to sponsor officially signed advertising.

Another point—while the Treasury declares that sales of Third War Loan bonds to individuals exceeded its \$5,000,000,000 quota by \$377,000,000, it is known to Editor and Publisher that this ratio does not hold for every part of the country. In some sections of New York City, in fact, the sale of bonds to individuals ran more than 30 per cent behind the local quotas. Insufficient newspaper advertising in these areas and lack of strong local organization for individual sales are the only plausible explanations for this condition.

Still another point—it is naive to think that the taxpayers, in the last analysis, did not pay for the huge advertising pressure that has been put behind the War Loan drives to date. Space so contributed is deductible from the operating expenses of advertisers, for tax purposes. So it may be that the Treasury lost a bit financially, as well as forfeiting control over the kind of copy that was used to support its program. The Treasury would have specific control over the quality and placement to copy that it published over the signature of the "United States of America," under the Bankhead bill or any amended version of it that may pass Congress and the President.

Let us all quit thinking of government advertising in terms of subsidy, or as a replacement for temporarily lost commercial copy. It cannot be either. When Government buys advertising for the sale of bonds, or for any other purpose, all hands will have to think of it as a straight commercial transaction, with Government the customer in the same sense that R. H. Macy & Co., General Motors, or American Airlines is a customer of the press. Uncle Sam would buy newspaper advertising space and service—nothing more and nothing less. Put the placement in the hands of able advertising people, shut the politicians out, pay the newspaper the value of its space, and all the bogeys that are feared today will vanish.

Moreover, waste will be eliminated. The appeal to the people will be direct and overpowering, with the advertising signed by and bearing the direct authority of the United States of America. Private funds now otherwise used will be available for the purchase of War bonds and the payment of legitimate income taxes. Lastly—a straightforward approach is always the best.

Mr. RICH. I want to say, in regard to the Vandenberg amendment, which was passed by the Senate, that I do not see how this amendment is a fair amendment.

I have the greatest respect for the distinguished Senator, who comes from my home State, but I think he has been out of the newspaper business for a long time. I have been in the newspaper business myself for some 25 years, and I believe that he is in error in seeking the amendment, which says—perhaps I had better start reading the amendment—

Mr. COOPER. I was going to suggest that you finish reading your prepared statement, and then if you will allow me, I have a few questions.

Mr. RICH. I have completed my prepared statement, but I have some ads here taken from Canadian newspapers which I would like to leave with the committee. I can either show them to you or file them with the committee.

The CHAIRMAN. Is that the material you have there in your hand?

Mr. RICH. This is the material right here; I don't care to go through these ads unless the committee wishes to see them.

The CHAIRMAN. We will look at them, Mr. Rich.

Mr. COOPER. Is recognized.

Mr. RICH. These ads are mounted. They are not quite as many as there would appear to be. It shows a little bit of what they are attempting to do in Canada.

Mr. COOPER. Cannot you just leave those with the clerk for us to take out time in looking them over?

Mr. RICH. That is what I prefer to do, but I want to show the nonpartisan advertising that is being done in Canada.

The CHAIRMAN. All right.

Mr. COOPER?

Mr. COOPER. Mr. Rich, I want to compliment you on the very clear statement you have presented to the committee. I understand you come from the district so ably represented by our good friend and colleague Mr. Woodruff. That in itself is a high recommendation for you.

Mr. RICH. Thank you.

Mr. COOPER. I just happen to be one member of the committee who likes to keep his eye on the bill under consideration.

Mr. RICH. Yes, sir.

Mr. COOPER. Now, I would like, respecting your views as I do, to try to get a little information.

Now, we have before us three bills: The bill as passed by the Senate, and two different bills introduced by the Member of the House.

We finally succeeded, with some effort, in finding out from Mr. Cannon which bill he was supporting. He finally said he was supporting the bill he introduced on November 18. That bill was introduced 2 days after the Bankhead bill had passed the Senate.

Now, as a matter of information, I would like to know from you which of the three bills now before us you are here supporting.

Mr. RICH. I am supporting the bill of Mr. Bankhead, the most recent—I should say, of Congressman Cannon; the most recent bill that he introduced.

Mr. COOPER. All right. It was H. R. 3693, bill introduced by Mr. Cannon on November 18, 1943?

Mr. RICH. Yes, sir.

Mr. COOPER. And referred to this committee?

Mr. RICH. Yes, sir.

Mr. COOPER. Now, I understand you to say, Mr. Rich, that you publish a daily newspaper in a town of 12,000 population?

Mr. RICH. That is right, sir.

Mr. COOPER. Now, then, the Senate bill as it now appears before us, 1457, would not include your daily newspaper at all?

Mr. RICH. That is right, sir.

Mr. COOPER. Simply because it happens to be published in a town with a population of more than 10,000?

Mr. RICH. That is right, sir.

Mr. COOPER. So that you would not be included?

Mr. RICH. That is right, sir.

Mr. COOPER. You would not be included at all, with your daily paper under the Senate bill as it has passed the Senate?

Mr. RICH. That is right, sir.

Mr. COOPER. And your weekly paper would be included because it is published in a town of 500 population?

Mr. RICH. Yes, sir.

Mr. COOPER. Well, now, you are the same man who publishes both newspapers?

Mr. RICH. Yes, sir.

Mr. COOPER. Do you think that is quite fair—this Senate bill, which includes one of your newspapers, the most expensive one that you publish—I mean to exclude it, and to include the smaller paper that you publish?

Mr. RICH. I do not think it is quite fair, sir, but I believe that—I would rather see the Senate bill passed, even if it excluded both my newspapers, as long as it sells bonds for the United States Government.

Mr. COOPER. I know; but for the moment I am trying to look to the elements of fact in the case.

Mr. RICH. Yes, sir.

Mr. COOPER. Whenever you designate an arbitrary figure as to population, there are bound to be border-line cases, here and there, just as yours is a border-line case.

Mr. RICH. Yes, sir.

Mr. COOPER. Now, it probably would cost you just about as much to publish your daily newspaper in your town of 12,000 population as if your town was 5 people under the 10,000 population mark?

Mr. RICH. Just as much, I would say.

Mr. COOPER. Yes; but the population of your town is over 10,000 so you would be excluded from the Senate bill?

Mr. RICH. That is right, sir.

Mr. COOPER. But if it was not over 10,000, you would be included?

Mr. RICH. Yes, sir.

Mr. COOPER. Another thing that I called to the attention of Mr. Cannon this morning is the question as to what period of time you are going to fix for determining this population.

The last Federal census we have is 1940, but we all know that many towns have changed, as regards population, since then. Some towns have doubled in population since that time, and others have shrunk some.

Mr. RICH. Ours has increased about 2,000, sir; that is, Midland.

Mr. COOPER. About 2,000?

Mr. RICH. Yes, sir.

Mr. COOPER. Now, then, was that what you had in mind with respect to Senator Vandenberg's amendment?

Mr. RICH. No. Senator Vandenberg's amendment is a little different matter.

Mr. COOPER. All right; let us hear it.

Mr. RICH. He tacked an amendment on it, which are paragraphs 19 and 20 of page 3.

Mr. COOPER. You mean, lines 19 and 20?

Mr. RICH. Lines 19 and 20, starting with the word "with" and continuing, to read:

with the same discounts, if any, available to the Government—

Mr. COOPER. Well, wait a minute. Are you talking about the Senate bill now—1547?

Mr. RICH. Yes, sir.

Mr. COOPER. All right; page 3. Now, what line is that?

Mr. RICH. Lines 19 and 20.

Mr. COOPER. Oh, lines 19 and 20?

Mr. RICH. Yes, sir.

Mr. COOPER. All right. Beginning after the first comma?

Mr. RICH. Sir?

Mr. COOPER. Beginning after the first comma, in line 19?

Mr. RICH. Yes, sir. [Reading:]

With the same discounts, if any, available to the Government as are available to advertising agencies.

Mr. COOPER. All right.

Mr. RICH. Now, in the first place, that is not good newspaper practice. I don't think any newspapers, or very few newspapers, would accept a proposition where they discount to a person who does nothing to earn the discount.

The advertising agencies are paid 15 percent to perform a service. In this instance, an advertiser whose work is handled direct—for instance, if he should place this advertising with the newspaper direct, as in the case of the local merchant, we have our own advertising department that prepares the ad; but in this instance the advertising agency is entitled to the 15 percent for which it prepares the advertising and does much other work.

Now, in my opinion—and as I understand the wording of this, it says, "with the same discounts, if any, available as are available to the advertising agencies." If I understand English, that means that each one shall receive the same discount which will make a discount of 30 percent. No newspaper would take the business.

Mr. COOPER. Well, then, you think the effect of this amendment by your very able and distinguished Senator would be very detrimental to the bill?

Mr. RICH. I think it would be extremely detrimental to the bill, sir.

Mr. COOPER. Now, coming back to the question I originally asked you: Take your case. I like to take individual cases and look at them; I can understand that better than some other method of presenting matters here.

Mr. RICH. All right, sir.

Mr. COOPER. Take your daily newspaper in your town of 12,000 population. It would not come under the benefits provided under the Senate bill?

Mr. RICH. That is right, sir.

Mr. COOPER. But if it were a weekly newspaper, published in the same town, with the same population, it would come under it?

Mr. RICH. That is right, sir.

Mr. COOPER. Now, do you think that is quite fair?

Mr. RICH. I think that is a little unfair, but I am so strongly in favor of the principle in back of Government-paid advertising that we will do our best to do a job, whether we get the Government-paid advertising or not, in our daily newspaper.

But I will say that in our daily newspaper we are much better able to do that job than we are in the weekly newspaper, where we have limited help and much smaller operations.

Mr. COOPER. Of course, I am just trying to analyze these bills, as they are before us, because somewhere along the line we are going to have to vote on a bill and we cannot vote on a principle or an idea or a suggestion; we have got to vote on a bill.

Mr. RICH. Yes, sir.

Mr. COOPER. And the words and phrases included in that bill.

Now, then, take the bill of Mr. Cannon—H. R. 3693—introduced November 18, 1943, which I understood you to say is the one you are here supporting.

Mr. RICH. Yes, sir.

Mr. COOPER. That is your preference?

Mr. RICH. That is my preference.

Mr. COOPER. Now, I asked him some questions, but I do not know how much newspaper experience my good friend, Clarence Cannon, has had. I take it from you that you have had considerable experience.

Mr. RICH. I have had some, sir.

Mr. COOPER. So I just want to inquire of you on this point: On page 2, line 12, he has this proviso in his bill:

Provided, That one-half of the total amount made available during such fiscal year, pursuant to this account, shall be expended for the purpose of such advertising space, in daily, weekly, semiweekly, and triweekly newspapers, published in cities, towns, villages, and communities of 10,000 population or less, and one-half of such amount shall be expended for the purchase of such advertising space in daily, weekly, semiweekly, and triweekly newspapers published in cities, towns, villages, and communities of more than 10,000 population.

In other words, as he has provided in this bill, half of the money will go to newspapers of all varieties—daily, weekly, triweekly, or semiweekly and towns below 10,000, and half of the money will go to the same type in towns—will go to newspapers in towns above 10,000.

Now, I am just wondering whether practical businessmen engaged in the newspaper industry are satisfied that that 10,000 population division, or dividing line, will make it fair both ways?

Mr. RICH. I rather think it will, sir. I think that perhaps the reasoning behind the—well, maybe the figure should be a little bit higher than it is; some publishers that I have talked to in the larger towns feel that maybe it ought to be 25,000 instead of 10,000, but I am satisfied with it at 10,000; and the reason for it is that much of this advertising, the great volume of his advertising that has gone through, like the present fats campaign, and sponsored advertising that has been placed, has been placed in towns of up to 25,000. And they stopped right there, and quit, and these small towns didn't get any advertising.

That has applied to many of the programs, and I do not blame the small newspapers; I do not blame the weekly newspapers for feeling that they will not get this advertising unless it is specifically designated that they shall get it, and that Division has in mind that this money—incidentally, the figures of the Government here, I believe, that is, of the Census Bureau, show approximately 52 percent of the people live in areas and towns under 10,000; so it seems to be a fair division to draw the line there and say, "This is what it shall be."

Mr. COOPER. Well, that is very helpful and enlightening. The only point I have in mind in enquiring is to try to see what the fair thing would be to do about this.

Mr. RICH. Yes, sir.

Mr. COOPER. Now, here is just so much money, and this bill just divides it in half and says half of it is to go to newspapers in towns of less than 10,000 population, and that half of it is to go to newspapers in towns of more than 10,000 population.

Now, in view of the shifts in population that we have had since the 1940 census, I was just wondering now whether that 10,000 mark would represent the greatest degree of fairness that we could approach, because if it should develop 60 percent of the newspapers are published in towns above 10,000 population, why, then, under this bill it would mean that those published in towns of less than 10,000 population would not get as much as they would probably be entitled to.

Mr. RICH. I am satisfied that the 10,000 population division is a good division.

Mr. COOPER. Well, I had just wondered, in view of the shifts of population, and considering the many county-seat towns that we have throughout the rural sections of the country, where the newspapers are usually located, where there are probably 12,000 or 15,000, might not be a little more fair than the 10,000 mark, and that is the reason I wanted to get your opinion on that.

Mr. RICH. I think that the 10,000 is the best figure.

Mr. COOPER. Thank you.

Mr. WOODRUFF. Mr. Rich, I want to say to you that you have made a fine, a splendid, statement, and the interrogations of my friend from Tennessee have been helpful in clearing up some of the questions that were not clear in our minds.

I am proud of the fact that we have, up in a little town in my district, a man who has had the experience, in the newspaper game, to know what he is talking about; and we thank you for coming down here and presenting this whole issue to the committee in the very fine way that you have done.

Again I congratulate you.

Mr. RICH. Thank you, sir.

The CHAIRMAN. Are you through?

Mr. WOODRUFF. Yes.

The CHAIRMAN. Mr. Rich, do you know what is the greatest service your district has rendered to this country, both preceding the war and during the war?

Mr. RICH. Did you ask me if I knew the greatest service it has rendered?

The CHAIRMAN. Yes; the greatest service your district has rendered this country during the war period and prior to the war period? I think I can tell you: It is sending down here your distinguished Mr. Woodruff to represent your district. That is one of the finest services it has rendered.

Mr. RICH. Thank you. We feel that he has been a mighty fine representative, and I think that is why the people have been sending him down here, year after year.

Mr. WOODRUFF. You must not overlook the fact that our chairman may be biased in his views.

The CHAIRMAN. I do not think so, and I do not quite have the vocabulary sufficient to express my convictions and views in that respect.

Mr. CARLSON. Mr. Chairman?

The CHAIRMAN. Mr. Carlson.

Mr. CARLSON. Mr. Rich, you made a very excellent statement, and I would say, a most helpful one, in view of the fact that you have discussed the sale of bonds in Canada. And I ask the chairman's consent to place in the record, following Mr. Rich's statement, a breakdown of the figures with respect to the sale of bonds in Canada.

The CHAIRMAN. Without objection, it may be included in the record. (The statement of figures above referred to is as follows:)

CANADIAN WARTIME FINANCE

The trend of finance in Canada since the beginning of the war has been well portrayed recently by certain tables which have been presented in the Bank of Canada Statistical Summary. We have condensed some of the tables presented and given other totals in the attached memorandum.

The following points are interesting:

1. Revenues from taxation have produced approximately half the sums needed to cover all expenditures.
2. Of security sales at the time of original issue, 71 percent have been made to the public and only 29 percent to banks.
3. Total direct and guaranteed debt had increased from \$4,472,000,000 on March 31, 1939, to \$8,577,000,000 on March 31, 1943, or 92 percent. Direct debt had increased 132 percent while guaranteed debt had declined 34 percent.
4. Of the total direct and guaranteed debt, 89.4 percent was payable in Canada only on March 31 as compared to 62.4 percent in 1939. Debt payable solely or optionally in New York had declined from 21 to 10.3 percent and that payable in London only from 14.6 to 0.3 percent.
5. From 1939 through 1942 Provincial debt had declined \$83,000,000 and from 1940 through 1943 municipal debt has declined \$183,600,000.
6. From August 31, 1938, to August 31, 1943, the volume of Canadian purchasing power available had increased 70.7 percent.

Canadian wartime finance—Dominion of Canada public finances

[Millions of dollars]

Year ended	Aug. 31, 1939	Aug. 31, 1940	Aug. 31, 1941	Aug. 31, 1942	Aug. 31, 1943
Cash requirements:					
Ordinary expenditures	264	264	253	265	269
Interest charges, net	116	119	122	131	163
Special expenditures	130	98	50	144	136
War expenditure	36	1,783	1,655	3,042	4,253
Total.	546	1,269	2,080	3,582	4,821
Sources of financing:					
Ordinary revenue	467	615	1,100	1,757	2,403
Securities sold to public	50	220	1,101	917	2,346
Securities sold to banks	20	1,450	290	458	472
Treasury bills, net		175		40	60
Redemptions	3	-68	-106	-37	-185
Balancing item	12	-23	-305	447	-275
Total.	546	1,269	2,080	3,582	4,821

¹ Includes \$325,000,000 to provide for acquisition of gold and foreign exchange from Bank of Canada.

(Condensed from Statistical Summary of Bank of Canada August-September 1943.)

Dominion of Canada—Funded, floating, and guaranteed debt

[Millions of dollars]

March 31	1939	1940	1941	1942	1943
Direct debt payable in—					
Canada	2,511	2,905	3,728	5,392	7,409
New York	469	469	469	459	439
London	406	322	175	15	13
	3,386	3,696	4,372	5,866	7,861
Guaranteed debt payable in—					
Canada	368	368	368	318	257
New York	470	470	469	462	447
London	248	247	147	39	12
	1,086	1,085	984	819	716
Total debt payable in—					
Canada	2,879	3,273	4,090	5,710	7,666
New York	939	939	938	921	886
London	654	569	322	54	25
	4,472	4,781	5,340	6,685	8,577
Net debt (from balance sheet)					
	3,157	3,271	3,666	4,062	6,307

The CHAIRMAN. Inasmuch as we cannot conclude this afternoon, unless there is some witness who will not be able to come back tomorrow and therefore would like to be heard this afternoon, at this point we will adjourn until tomorrow.

Is there any witness here for whom it will not be convenient to come back tomorrow morning at 10 o'clock?

If so, we will hear you this afternoon.

Otherwise, we will adjourn until tomorrow morning at 10 o'clock. If there is anyone in that situation, you may rise.

(No response.)

Without objection, then, the committee will adjourn until 10 o'clock tomorrow morning.

(Whereupon, the committee adjourned, to reconvene tomorrow, Saturday, December 4, 1943, at 10 a.m.)

WAR BOND GOVERNMENT NEWSPAPER ADVERTISING

SATURDAY, DECEMBER 4, 1943

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

The committee reconvened at 10 a. m., pursuant to recess, Hon. Robert L. Doughton (chairman) presiding.

The CHAIRMAN. The committee will please come to order.

The first witness on the calendar is Mr. William J. Oertel.

Miss COBB. Mr. Chairman, Mr. Oertel changed places with me.

The CHAIRMAN. All right. Miss Beatrice Cobb, publisher, secretary of the North Carolina Press Association.

STATEMENT OF BEATRICE COBB, SECRETARY, NORTH CAROLINA PRESS ASSOCIATION, MORGANTOWN, N. C.

The CHAIRMAN. Miss Cobb, will you please give your name, address, and the connection in which you appear?

Miss COBB. I am Beatrice Cobb of Morgantown, N. C., publisher of the Morgantown News-Herald, the Valley News, and I am secretary of the North Carolina Press Association.

The CHAIRMAN. I take great pleasure in saying that I have known Miss Cobb for a long time. She is not only a very outstanding and successful newspaper woman, but she has been deeply interested in and most helpful to everything that pertains to the welfare of North Carolina. We are very happy to have her here, and we really feel honored to hear her.

Miss COBB. Thank you, Mr. Chairman. I know that you gentlemen know that praise from your chairman is praise indeed.

Mr. COOPER. Mr. Chairman.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. Mr. Chairman, I think the record shows now how much our committee members think of the chairman of the committee.

Miss COBB. You know, I have known Mr. Doughton as long or longer than any of you.

Mr. DISNEY. Have you known him as favorably as I do?

Mr. WOODRUFF. May I interpolate there that every Republican member feels exactly the same regarding our chairman as Mr. Disney.

Miss COBB. That is music to our ears.

Mr. WOODRUFF. We not only have a great respect for him, but we have an affection for him.

Miss COBB. Well, I like to hear you say that, sir.

The CHAIRMAN. You notice, Miss Cobb, that I have sympathetic feelings on both sides; this is off the record.

Mr. DISNEY. No; I want this on the record. Under his leadership when we get down to business, regardless of whether we are Democrats or Republicans on this committee, we feel that never has the committee been handled as ably and in a less partisan way than this committee has been handled, and the credit goes to Mr. Doughton. We could easily get into some rows here, and this committee could be split wide open, and become very, very partisan, because there are some very partisan gentlemen in this committee.

Miss COBB. We all know that in North Carolina, but we are so pleased to have you say it. It certainly sounds good.

Mr. WOODRUFF. I will say further, that he has a wonderful influence on us at times, and it is a most wholesome thing that he is here to exercise that influence.

Miss COBB. If he did not deserve this, I believe I would think he was blushing. I know it is all true, though, Mr. Doughton.

The CHAIRMAN. Thank you very much. I do not know whether all of it is true or not, but I appreciate it as much as if it were.

Miss COBB. You Republicans will now why I like to campaign with him in North Carolina. It is so easy to elect him and we do not have to work hard for him.

It is reasonable to assume that the House Committee on Ways and Means is especially interested in the evaluation of costs and benefits of this projected program for the Government to buy advertising space in newspapers.

Presumably you desire information as to whether the plan of sales promotion previously used in the early period bond drives can be improved in point of effectiveness. If the thousands of newspapers supporting this bill did not honestly believe that it would produce results far more tangible in stabilizing effects, they would not ask for this authorization to buy space.

I have resented, as I know other publishers have, the erroneous idea of subsidy that has been injected into this effort to have the Government buy a commodity which it needs and which newspapers sell as their main stock in trade. None of us are asking for a hand-out, and it is regrettable that the suggestion of relief, as such, for smaller newspapers, many of them hard hit by present conditions, ever came into the discussion.

I, for one, agree wholeheartedly with Judge Fred Vinson, Director of Economic Stabilization, who said in a broadcast last July 14:

Advertising is not a charitable institution. It is a handmaiden of business, and there is no business in this Nation so strong that inflation will not work havoc and ruin upon it.

It has been established beyond question that current volunteer donations from private industry have not produced the volume of bond sales among individuals that the promoters promised. Back in 1941, John Stone, then Chief of the Treasury Public Relations Bond Staff, described the idea of the Government's bond sales plan when he said:

Uncle Sam would rather go to all of his folks and borrow a little from each one than to go to the banks and borrow great amounts of money, even though it would cost him less to go to the banks. He wants to do this because he believes that it will help avoid inflation and all the evils that inflation brings.

The formal Treasury reports show that they fell far short of this goal. The ballyhoo of the privately sponsored advertising written by the national advertisers mixed bond appeals with an assortment of plugs for their commercial offerings. These reached enormous proportions, but somehow the individual was not among the heavy buyers. The Government's liaison with the War Advertising Council was Gardner Cowles, Jr., Director of O. W. I.'s Domestic Branch. This official, testifying before the House Appropriations Committee last spring, conceded that these was a limitation on the donations of advertising space by the national advertisers who play a prominent part in the policies of the War Advertising Council. Mr. Cowles told the House committee:

War-related advertising has been increasing in volume and going too much to the larger newspapers and radio stations. That is regrettable.

But, for example, when the point-rationing program started, we persuaded the Kellogg Co., which wanted to help, to publish a page advertisement in every newspaper in the United States in cities from the size of 25,000 population up, explaining how to use the point-ration books.

An examination of the 1940 census data shows that roughly 60 percent of the population are outside of the 416 cities with a population of 25,000 or more.

I had some maps that I wanted to show you right there, Mr. Doughton, but the other member of my committee who was bringing them has not shown up yet, so I will possibly have a chance later to let you look over those maps that we want to show you as to how the population of the United States is distributed in relation to the smaller newspapers.

Millions of citizens now earning good wages are entering the market for the first time. They have funds to satisfy pent-up wants, but the commodities are not there at any price.

The consumer must be educated to invest, to go into the market for War bonds. The uncertainty as to what they shall do with the extra money over and above the necessities of life must be ended by directing their attention to the investment possibilities offered by their Government. A program of consistent, well-coordinated Government-paid advertising can do much to influence their action before their minds are made up to spend. The public has a short memory and needs to be constantly reminded.

The dynamic force of well-prepared and well-placed advertising will materially reduce the cost of bond sales. We honestly believe that that is true, that it must be from the Government itself and not a pass-the-hat proposition.

May I interject this personal word? I have not solicited any bond advertising from the merchants in my town and I solicit advertising by the way, since my advertising man had to go into the war. I got back on a job that I had to do 20 years ago on my paper. My paper in a county seat down there is a semiweekly, but I come in close contact with these merchants, and I know that they resented the idea of being, well, pressed or high-pressured into signing these sponsored advertisements, and, although they were sent to me, I did not take them out.

I did have some manufacturers who volunteered to run bond advertising pages from time to time throughout the year. The majority

of them, however, came in without any asking and we have had a series of bond advertisements in my county-seat paper, but I have not solicited the merchants in this town of about 7,000 in which I live, and I think it is bad business practice to continue to pull on them to run these bond advertisements.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. May I ask a question there? Is it not true, Miss Cobb, that even in your town of 7,000 that some of the smaller places are extremely hard pressed financially these days?

Miss COBB. Very hard pressed. They tell me every day. I solicited advertising the day before I came up here. They say, "We have not any Christmas goods to sell." A great many of them say, "Our stocks are empty; what is the use of our advertising at all. We haven't anything to sell."

Mr. REED. So as time goes on they will have less and less.

Miss COBB. That is true.

Mr. REED. Sponsored advertising.

Miss COBB. Yes.

Mr. REED. Response to advertising.

Miss COBB. That is decidedly true.

Mr. REED. And you do not imagine for a minute that these bond drives of the future can be put over without some great process of coercion unless the papers can bring the message home to the people; am I right?

Miss COBB. Yes; and a message that has the stamp and approval of the United States Government.

Mr. REED. Thank you.

Miss COBB. And not this filling station, or this little grocery store's ad.

Mr. REED. In other words, you cannot mix up the question of purchasing bonds to promote the war with 57 varieties of pickles, can you?

Miss COBB. That is right. In fact, I think in my own opinion that it cheapens the Government advertising.

Mr. REED. Certainly.

Miss COBB. To have John Jones' filling station under the seal of the United States. It seems to me that is very cheap advertising to put it in that way, and I just dislike so much soliciting advertising of that type that I for one have not done it. I do not have one of the Treasury's—what do you call them—certificates that they have been sending out to papers who have cooperated in this, because I have not solicited.

Understand, I have run editorials and front-page news and everything about bond sales. And may I say that I am on the State advisory committee of the bond drive in North Carolina, and have attended the meetings, and cooperated in every way I could, and I have run a great deal of free bond advertising. But I have not gone around and passed the hat to get sponsors for them, and I suppose that is the reason that I have not gotten one of the certificates from the Treasury to hang up in my office for cooperation.

My own conscience is clear, though. I know that I have given cooperation, and that is all that matters after all, anyway.

The Government messages paid for out of public funds must show what ownership means over and above the patriotic urge to buy in a crisis. Persuasive arguments over the formal signature of their Government can have a marvelous effect when the relationship between a borrower and lender is considered. The people must realize the underlying significance of bond offerings so their idle money or funds now at low interest will be "at work" with an attractive interest rate.

This proposal for a campaign of bond sales through Government-paid advertising has many advantages. It will be recalled that one of the outstanding features of any advertising or sales policy is its cumulative effect. Spasmodic efforts seldom are productive of satisfactory or permanent results.

John Wanamaker is the outstanding example in America of consistent and continuous advertising policy.

With the thread of continuity once broken it is only with the utmost difficulty that it can once again be picked up and carried along. And incidentally I would add there that I agree with some member of your committee yesterday who said that he believed we had a long hard road ahead before this war is finally won. I think we are just digging in now, and that we ought to settle on some sort of a business policy for advertising the Government securities.

It requires something more than a fanfare of trumpets, movie stars, much as we like to go to see them and all that, but that is just on the surface, and we are not digging down to the roots of the proposition if we depend on plugs in radio, and interesting as the radio is and as interesting as the little shows that the movie stars put on are, but there is something more fundamental than that about this whole proposition.

It requires something more than a fanfare of trumpets, theatrical performances, and similar rallies to sustain public interest. We all know that the great successes in advertising are due in the main to that one element of persistent and continuous effort. Experts agree that one of the greatest wastes in business today is the inability of many advertisers to stick to adopted programs.

I know that you understand that we are talking about advertising, what we know as display space, and not the voluminous amount of publicity and news space, beyond the estimation in money with which all newspapers are giving and will continue to give to all the war causes. Certainly newspaper men and women as a class could never be accused of not doing all and more than their part to bring the speedy victory that we so much crave.

Thank you very much.

The CHAIRMAN. Thank you, Miss Cobb.

Miss COBB. I will be glad to answer any questions. I am just a country newspaper publisher, and I believe through my work as secretary of the North Carolina Press Association over a period of 20 years, as your chairman knows, I have had intimate contact with all of the newspapers in North Carolina. I mention that simply to let you know that I would not pose as an expert authority on newspapers, but certainly if experience and acquaintance with newspaper men who have been working all these years in North Carolina,

and your chairman knows a great many of them, means anything, that might mean something to you in directing your questions.

Mr. CARLSON. Mr. Chairman.

The CHAIRMAN. Mr. Carlson.

Mr. CARLSON. I would like to ask Miss Cobb if they have taken any poll of the press in the State as to what the attitude of the press in the whole is on this proposition.

Miss COBB. Yes, sir, not a complete poll; but at our convention in Winston-Salem, last July, we passed a resolution unanimously backing that Bankhead bill, as it was then known. Of course, as you understand, the Bankhead bill has some changes in the Cannon proposal. There are a few of the larger papers—I would say that the weekly and semiweekly papers as a whole are all behind this proposition.

Some of the larger papers are not supporting it. But they maintain an attitude of more or less indifference. They say, "Oh, well, the effect is they have more advertising than they can carry anyway, and more than the paper situation will allow them to carry."

I happen to know that. You see, weekly newspapers use about 10 percent of the paper consumed, but it is not a problem with us that it is with the bigger papers.

Mr. EBERHARTER. Mr. Chairman.

The CHAIRMAN. Mr. Eberharter.

Mr. EBERHARTER. Miss Cobb, your newspaper is published in North Carolina?

Miss COBB. Yes; in Morgantown, semiweekly.

Mr. EBERHARTER. The population is 7,000?

Miss COBB. Yes.

Mr. EBERHARTER. That is perhaps a typical American town, is it?

Miss COBB. Yes, sir; an old town established the year of the Revolution's close.

Mr. EBERHARTER. I wonder, is that town served by a radio service from a small radio station?

Miss COBB. We do not have a radio station in the town. We get our radio service from Asheville and Charlotte, and Raleigh, Greensboro, but there is not radio station in the town of Morgantown.

Mr. EBERHARTER. Those towns which serve your town with radio news are perhaps pretty large radio stations; are they not?

Miss COBB. Yes, sir. Charlotte especially. Charlotte has a very strong radio station. It is 80 miles from our town.

Mr. EBERHARTER. I just wondered whether you could advise the committee as to whether or not the radio stations that do serve your town are in a very strong financial position or whether, as Mr. Cannon indicated, making lots of money?

Miss COBB. I could not tell you that.

Mr. EBERHARTER. I do not suppose you would know that.

Miss COBB. I do not know. I know something about a smaller radio station at Hickory, which is 20 miles from me. It is not a very strong station. I think they have been having a rather difficult time—I would not say difficult, but they have not made the money that they probably should and anticipated.

Mr. EBERHARTER. And that small radio station, would you think that that small radio station would be in need perhaps of some finan-

cial assistance of some form or other, in the way of additional advertising or something of that sort?

Miss COBB. I would not think so. They are connected with the Blue Network, and while they are not making a great deal of money, I think they are getting along all right.

Mr. EBERHARTER. Thank you.

The CHAIRMAN. We thank you, Miss Cobb, for your interesting and helpful statement.

The next witness is Mr. William Oertel, manager, New York Press Association.

Mr. Oertel, please give your name and address, and your connections for the benefit of the record.

STATEMENT OF WILLIAM J. OERTEL, MANAGER, NEW YORK PRESS ASSOCIATION, SYRACUSE, N. Y.

Mr. OERTEL. Would it be all right to ask to have questions afterwards?

The CHAIRMAN. All right. Without objection you may proceed.

Mr. OERTEL. Mr. Chairman and members of the Ways and Means Committee.

The CHAIRMAN. About how much time do you want, Mr. Oertel?

Mr. OERTEL. Approximately 15 minutes.

The CHAIRMAN. All right.

Mr. COOPER. Did you give your name and address, and the capacity in which you appear?

Mr. OERTEL. I am going to. I am William J. Oertel, of Syracuse, N. Y., manager of the New York Press Association, which has a membership of approximately 250 weekly newspapers throughout New York State. It is also my privilege to speak for about 170 nonmember weekly newspapers of the State.

When the principle of Government-paid advertising was first proposed, our association polled more than 400 weekly newspaper publishers of our State, and the results showed 96 percent were in favor of such advertising, 2 percent were opposed, and 2 percent undecided.

From these publishers also came outright denials that such advertising would injure the freedom of the press. Likewise, they feel the slur of subsidy attached to the proposal as both unwarranted and unfair, since such a condemnation tends to place all advertising in this category in the eyes of both publishers and advertisers, and neither has ever before had reason to class advertising as a subsidy in any form.

If advertising has in all these years past been a subsidy in any way, then many persons, advertisers, publishers, advertising agencies, readers, and even Government officials, have been laboring under a false impression for many years. Certainly large businesses and industries, as well as the small ones, have found it necessary to advertise or take a back seat to those firms that do advertise.

To date, our war finance department has tried to do something different than anyone else, despite the precedent set by Canada, Great Britain, and our own Government, and that is to try to somehow prevent inflation by helping to create it. I believe the situation shows that from the results.

Through two war loan drives newspapers cooperated well in the sponsored advertising program of the Government and in the third, ac-

cording to Treasury Department figures, showed an increased contribution of space devoted to bond promotion. However, the results of this last loan drive showed 19 States failed to meet their individual sales quotas, the difference in the total amount raised being made up in purchases by large corporations and other large investors.

Such a situation certainly tends in the direction of inflation. The statement by the Treasury Department that the Third War Loan was the greatest in history is not debatable since never has the need been greater in history, nor are there any comparable figures with which to compare the Treasury's statistics, on a sponsored or "tin cup" method of advertising.

Following is a brief statement outlining the opinion of a large majority of publishers, as typified by New York State weekly publishers, regarding, first, the need for Government-paid advertising and what Government-paid advertising can do to increase the sale of War bonds on a more even level throughout the Nation. Please keep in mind that these publishers in the main are also volunteering free time, as chairmen of volunteer committees. Some even help plan the house-to-house solicitations that we told about yesterday, and, in addition, they are asked to go out and sell advertising for the Government.

First and foremost, Government-paid advertising would help serve as a stopgap against inflationary trends by encouraging more bond buying, particularly where it is now weakest and most needed, among the potential E-bond buyers, those persons earning \$5,000 or less a year.

The March 1943 issue of the Federal Reserve Bulletin pointed out the danger of inflation through inability to control surplus funds in the hands of the public with this surplus greater today than at any time in our history.

Said the report:

In nearly every (country) district percentage increases in deposits were greater at country banks than at city banks. * * * These comparisons by districts and by class of banks * * * indicate that agricultural areas have shown substantially larger percentage increases in deposits than have the wealthier areas devoted more largely to manufacturing activities.

This indicates that persons in small towns and on farms have the money to spend. Market increases in the per capita income of the farm population is shown in all recent Government agricultural reports. That nonfarm incomes are higher on the average than farm incomes cannot be taken as a true measure of financial well-being between the two groups, since there is a marked difference in the cost of living in rural sections as compared to city areas. It is to the interest of stabilization and anti-inflation steps that these families be persuaded to invest their surplus funds in war securities.

Second, the drain is becoming overexcessive on the limited and decreasing resources of small merchants who are asked to sponsor War-bond ads on top of sponsoring advertising for waste paper, scrap metal, scrap rubber, pulpwood cutting, increased food production, black markets, anti-inflation, and many other Government campaigns.

I have sample ads that the Government has sent out if you would like to see them. They send out about one campaign a month to every publisher, and if the publisher would use that, he would pretty much put just that in his paper and have no local news.

Many of these merchants tell publishers they would rather buy War bonds themselves than advertise the bonds for the Government, since the merchants get no return on the ads.

Thirdly, the Treasury has asked for additional revenue for the coming year. There is no reason why a well-planned campaign of Government-paid advertising cannot raise at least a part of this additional needed revenue through War bond purchases, and not ask that it be obtained through increased taxes.

Fourth, the vital need for keeping War bonds sold is also very important and readily apparent. Early redemption of bonds takes away from the Government's funds money needed to prosecute the war. A United Press report this week stated that during November War bonds were cashed in at a rate of nearly 23 percent of sales. Since July redemptions, according to the press dispatch, have averaged 13 percent of sales for the same period as against a 3½-percent redemption rate for all the last fiscal year. The post-war value of bonds should also be more directly and clearly emphasized as security for the future.

As for the considerably higher redemption rate in Canada, as was cited yesterday by the Treasury representative, we must keep in mind that Canada has been selling bonds for a considerably longer period than we have, and also that much of their redemptions total has been to cash in small certificates toward larger certificates, toward larger bonds. That redemption total in cashing the small ones in goes into their redemption total although it is counteracted by their sales. Their sales rise when they are cashed in against bigger bonds. That is, they have a little different system of selling smaller ones than we do.

A second question on which I have received some very definite answers is: Why do publishers and many merchants consider the present system of sponsored advertising unsatisfactory? Following are some of the more important opinions in this regard:

First, the present system stresses quantity of advertising and space, rather than quality of appeal. There have been no specific appeals to the bond purchasers in small towns and cities, even though the 1940 census report shows 52 percent of the population of the United States in towns and cities under 10,000 population. Regardless of the quantity of space estimated by the Treasury officials as being used in promoting the Third War Loan, the Treasury's own figures, and I repeat, show 19 States failed to meet their individual sales quota, while only 81 percent of the E bond quota was reached.

Quoting again from Treasury statistics, studies of the effect of promotion for the Second War Loan revealed these bald facts:

Daily and weekly newspapers published nearly 74,000 advertisements at an estimated value of more than \$4,500,000 in addition to news material. Yet despite this tremendous effort through sponsored and free advertising, the Treasury admitted the following facts were true:

Seventeen percent of people in cities and twenty-seven percent of farm people were completely unaware of the campaign. That is the Treasury's own figures that they gave out.

Eleven percent in cities and nineteen percent on farms knew only of local campaign.

Twenty-two percent in cities and thirteen percent of farm people knew of the drive only as an increase in publicity, free publicity, a lot of it.

Only 38 percent in cities and 26 percent of the farm people knew of the loan drive as more than an increase in publicity.

Secondly, publishers, especially in small towns, dislike the hit-and-miss methods of the present system. They likewise complain of the tremendous waste in time, paper, and space, particularly when the latter is used without thought for the public toward which the ads are directed.

Publishers in selling ads to merchants like to sell an ad that will appeal to people, that will draw results, and they do not believe that these ads that have been prepared—they are prepared largely by big city advertising men for big cities, and you will have to admit there is a difference between New York City, or Buffalo, talking in terms of New York State, or Washington, than there is between some little bit of a town from four to five thousand population or less.

Thirdly, they consider the method of checking on the use of and sponsorship of war bond advertisements as ineffective and exaggerated.

In other words, looking at it from their small-town point of view, they cannot in any way conceive how these tremendous figures that the Treasury has built up can be as accurate as they are supposed to be.

The consider, and justly so, that this wasteful, uncertain method of getting advertising of war bonds in the newspapers is against all normal methods of advertising, which say advertising is a product for sale, just as are other products now being bought by their Government.

They cannot see how in conducting an advertising campaign the War Finance Division is going against all previous methods of advertising, and turning and asking the publishers to get merchants to sponsor ads, advertising is a direct sales process, not an indirect sales process.

Look at the situation on Main Street realistically for a moment. The present system calls for localized advertising, which is another way of saying local merchants should sponsor the Government ads. But the mere name of a local merchant does not localize the message in the ad. This still remains the same whether printed in a weekly or a daily paper.

The value of local advertising is in the message with local appeal. Under the present system it is readily possible that, if a person does not happen to like a local merchant, for instance, that person is quite more likely not to buy bonds on the mere strength of his dislike. Moreover, a bond-buying appeal coming from the local merchants does not make the appeal at all official in the eyes of local newspaper readers. Ads carrying the authorized signature of the government would, however, be official and would be so considered by readers and bond buyers, as is the case in Canada.

Many merchants, unable to carry the load of advertising their own products, advertising the Government's campaigns and products, such as war bonds, and, in addition, having to buy bonds themselves, are increasingly doing the latter, rather than spend money, without return to themselves, to advertise the Government's pleas for others to buy bonds. This all adds up to these results:

First, a few merchants are carrying the Government's advertising burden in the smaller cities and towns.

Second, more and more are complaining about this, expenditure by them to publishers, especially in light of increased costs of living without increased incomes.

Three, local appeal, such as local sponsored—the name of the merchant under a Government-prepared ad—is becoming an old story. That is, the so-called local appeal of having merchants place their names on these prepared ads, and then have them pay for that privilege.

The burden is on the publisher, fourthly, who is sometimes referred to as unpatriotic if he cannot sell these Government ads to local merchants, or if he does not run them free.

Look at it this way: If a merchant does not want to advertise War bonds, there is no justification for thinking that a publisher is unpatriotic in any sense. Yet, strangely enough, this illogical thinking was handed to me directly by a member of the War Finance staff, who told me pointblank that if a publisher could not sell advertising to a local merchant, he was either lazy, had no energy, or was unpatriotic.

You figure it out. I could not. Apparently the merchant has no choice in the matter.

Also, in conversation with another War Finance official, I was told, advertising is not frowned on by himself but by the higher Treasury officials. He said, "I am just doing a job. I have to do what I am told." He said, "Maybe after all your way is best."

If a merchant wishes to advertise his own commodities, or not advertise anything at all, who is to tell him he must? If he would rather buy War bonds instead of advertise them, that is up to him. No publisher has the right to tell advertisers what they must do. Similarly, advertisers have not the right to tell newspapers what to do. And this applies to the Government as well as to any other advertiser.

It is this understanding that keeps our press free, and it is this understanding that has protected and will continue to protect one of the hardest earned freedoms in these United States, the freedom of speech and the press.

The present system, however, puts the newspapers in the position of somehow persuading merchants that they should advertise someone else's product, in this case, War bonds.

Is Government-paid advertising a subsidy? That question is asked a lot. Those closest to the press, the publishers themselves, do not think so. If any touch of subsidy should arise, it would occur when and if the Government were to directly pay the merchants to sponsor the Government's advertising.

We have, in this War Advertising Council, our weekly newspaper set-up throughout the country has one representative. We have no vote in it. We are just put in there on the discussion sessions.

When they go into executive session, the weekly representative is allowed to stay out. That one representative—he happens to be one of our publishers, and a former president of our association—told me, and several others of the National Weekly Association, that as far as he was concerned, he was not going to sell any more Government-paid advertising to his merchants, because, first, they have a reaction against it. They think it is this tin-cup racketeering idea. It has been handed to him.

He says:

I have to meet these fellows on the street every day. Secondly, the War Finance and Treasury are not going to have to live with these fellows after the war is over and I do.

Our representative on the War Advertising Council said:

I am going to run this free before I will go out and ask merchants to pay for it.

Now, yesterday the representative of the American Association of Advertising Agencies spoke here, and likewise in the Treasury report, a statement was made that a Mr. Frank Tripp, who is now chairman of the Allied Newspaper Council, which helps the Treasury with its War bond drives, made statements that they were against Government-paid advertising. I think you recall those.

In 1942, January 3, 1942, Editor and Publisher, which is the trade magazine for the newspapers, one of the trade magazines, primarily daily newspapers, ran an editorial entitled "Government Advertising," and I want to quote the last paragraph because it is a pretty good summary.

We are at war for the principles of democracy and as we conceive it those principles include the operation of a profitable capitalism that will enable employer and employee alike to share the benefits and the costs of government. Editor and Publisher urges upon publishers that they keep that principle in mind, that they remember always that the laborer is worthy of his hire, and that they impress that principle indelibly on the minds of Government officials who have forgotten or never knew that advertising space is one of the most economical and useful tools that Government can use in prosecuting a war, and that it costs dollars and cents to produce this advertising, even as does a 150-millimeter cannon, a Garand rifle, or a 13-ton tank.

Now, Editor and Publisher asked several leading newspapermen of the country what they thought of that article. I would like to quote, first, Mr. Benson's answer to it, John Benson, president of the American Association of Advertising Agencies.

I have just had an opportunity to read an editorial in your issue of January 3 entitled "Government Advertising." This is a magnificent statement, in my opinion, and one of the most convincing I have ever seen for paying media for space obtained by the Government for advertising. It is a classic and I am going to keep it for use whenever needed.

This is Mr. Tripp's statement. He was then chairman of the Bureau of Advertising of the American Newspaper Publishers Association.

Newspapers will never deny or begrudge liberal support to any defense effort, but experience proves that no ultimate advertising goal can be reached through uncontrolled publicity. Newspapers themselves cannot accomplish it in their own columns. It is only the carefully thought-out campaign devised by experts to accomplish a definite result and controlled completely from a central point consistent as to copy, area, media, and publication dates that rings the bell. The trouble with the gift horse is that he cannot be properly guided. He creates bad ruts in the road.

I am convinced that intelligent and liberal Government use of newspaper display space for all activities would prove a resultful investment, second only to the production of arms. Canada has proved it.

Now, why those gentlemen changed their minds inside of a year, or a little over a year, I have no way of understanding. I can also say that the Norman Chandler, who is with the Los Angeles Times, made a statement in favor of it. Don Bernard, advertising director of the Washington Post, Edwin S. Friendly of the New York Sun, Enoch Brown, Jr., of the Commercial Appeal, Cranston Williams,

general manager of the American Newspaper Publishers Association, Edward T. Bell, Oklahoma City Oklahoman and Times, Davis W. Howe, Burlington, Vt., Free Press, Buell W. Hudson, publisher of the Woonsocket, R. I., Call, and Palmer Hoyt, publisher of the Portland Oregonian, who was just as you will recall relieved as chief of the news bureau of O. W. I., or who had leave of absence which was up.

Now, that is for the record.

The CHAIRMAN. Have you completed your statement?

Mr. OERTEL. I have one more little statement to make.

The president of our association, Mr. Sidney E. Ayres, publisher of the Chronicle-Express at Penn Yan, N. Y., which has a public subscription of over 5,600 weekly subscribers, was unable to attend this hearing. However, he sent this statement addressed to the committee, which I would like to read in closing:

To the Ways and Means Committee of the House of Representatives, Washington, D. C.:

As president of the New York Press Association, representing 400 community weekly newspapers in New York State, I wish to state that many of our members find it increasingly difficult to procure voluntary financing of the advertising copy suggested and supplied by the United States Treasury Department. With relatively few industries in most of the small centers of publication, the advertising of bond sales becomes pretty much a question of how much space the publisher can afford to donate to the Government.

"The Government needs the advertising," writes one of our members. "Advertising is a legitimate service, with a money value. The paper must sell it in order to continue to serve its readers."

A businesslike advertising campaign promoting bond sales in weekly community newspapers, as in other media, would reach the 52 percent living in rural America, help drain off their excess spending, decrease the present inflationary trends, and aid in paying the costs of war, just as it has in Canada.

Such a Government-paid campaign, supplementing the present voluntary plan, should prove a definite aid in promoting bond sale drives in areas covered by the community, hometown newspapers.

(Signed) SIDNEY E. AYRES.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. I just wanted to bring out one thought. You spoke about the fact that people might not like a certain merchant and, therefore, become somewhat prejudiced against his urging them to buy a bond.

Well, I recall after the last war that people bought bonds in all walks of life, and then the bonds dropped to about 80 and they had to unload. Some people had to unload to the point where they went hungry. The war just broke them completely. They had to sell the bonds that they had accumulated, and they simply pauperized themselves.

Well, I do not think that it is right to ask the merchants to sponsor the sale of the bonds. I think the Government ought to sponsor it.

Another thought occurred to me. The Government must be paying for the propaganda to sell the defeatist idea to the Axis. Now, that must be a high form of advertising to sell to a foreign people the defeatist idea so they will surrender, especially when they are told they are going to be crushed and destroyed if they do not surrender, or if they do surrender.

Well, they are paying for that, are they not?

Mr. OERTEL. Yes.

Mr. REED. And that is the highest form of advertising. That is certainly much more difficult to sell, I should think, than to sell the idea of victory and the benefits of victory through our local papers.

So I do not see any argument to talk about subsidy here. We are in war. I think you made a splendid argument.

The CHAIRMAN. We thank you.

Mr. OERTEL. If you would like to see any of the Government things that they send out to the publishers, you may see them.

The CHAIRMAN. Do you want us to look at it?

Mr. OERTEL. If you want to look at it.

The CHAIRMAN. All right. We will look at it.

Mr. REED. Mr. Chairman.

The CHAIRMAN. Mr. Reed.

Mr. REED. Mr. Chairman, I would like the privilege of inserting in the record the American counties without daily papers, a tabulation of the Senators and Congressmen residing therein.

The CHAIRMAN. Without objection, it may be done.

(The above mentioned tabulation is as follows:)

State	Total number counties	Counties with dailies	Counties without dailies	Counties without dailies in which Senators or Representatives reside	Counties without dailies	
					Senators	Representatives
Alabama	67	15	52	4	1	4
Arizona	14	6	8	1	1	
Arkansas	75	27	48	1		1
California	58	40	18			
Colorado	63	19	44			
Connecticut	8	7	1			
Delaware	3	1	2		1	1
Florida	67	22	45	2		2
Georgia	159	20	139	10	2	8
Idaho	44	9	35	3	1	2
Illinois	102	63	39	3	1	2
Indiana	92	68	24	1	1	
Iowa	99	34	65	5		5
Kansas	105	41	64			
Kentucky	120	26	94	6	1	5
Louisiana	64	11	53	3	1	2
Maine	16	9	7	1		1
Maryland	23	6	17	3	1	2
Massachusetts	14	12	2			
Michigan	83	49	34	3		3
Minnesota	87	25	62	3	1	2
Mississippi	82	16	66	7	2	5
Missouri	114	44	70	4		4
Montana	56	11	45			
Nebraska	93	17	76	3	1	2
Nevada	17	7	10			
New Hampshire	10	7	3	1		1
New Jersey	21	17	4			
New Mexico	31	13	18			
New York	62	52	10	2		2
North Carolina	100	32	68	5		5
North Dakota	54	10	44	1	1	
Ohio	88	64	24	1		1
Oklahoma	77	39	38	4		4
Oregon	36	19	17			
Pennsylvania	67	52	15			
Rhode Island	5	4	1			
South Carolina	46	11	35	3	1	2
South Dakota	69	13	56	2	1	1
Tennessee	95	18	77	4	1	3
Texas	254	73	181	6		6
Utah	29	4	25	2	1	1
Vermont	14	8	6			
Virginia	100	20	80	2	1	1
Washington	39	17	22	1		1
West Virginia	55	21	34	1		
Wisconsin	71	37	34	3		3
Wyoming	24	7	17	2	1	1
Total	3,072	1,143	1,929	105	22	84

Source: 1943 World Almanac; 1943 Ayer Directory.

Senators and Representatives residing in counties without daily papers

State and county	Office	Name	Politics	Address
Alabama:				
Dale	Representative	Henry B. Steagall	Dem.	Ozark.
Marshall	Representative	Joe Starnes	Dem.	Guntersville.
Sumter	Representative	Pete Jarman	Dem.	Livingston.
Walker	Senator	John H. Bankhead	Dem.	Jasper.
Do.	Representative	Carter Manasco	Dem.	Do.
Total	1 Senator 14 Representatives			
Arizona: Pinah	Senator	Ernest W. McFarland	Dem.	Florence.
Total	1 Senator			
Arkansas: Drew	Representative	W. F. Norrell	Dem.	Monticello.
Total	1 Representative			
California				
Colorado				
Connecticut				
Delaware:				
Kent	Representative	Earle D. Willey	Rep.	Dover.
Sussex	Senator	James M. Tunnell	Dem.	Georgetown.
Total	1 Senator 1 Representative			
Florida:				
Bradford	Representative	Lex Green	Dem.	Starke.
Okaloosa	Representative	Robert Sikes	Dem.	Crestview.
Total	2 Representatives			
Georgia:				
Baldwin	Representative	Carl Vinson	Dem.	Milledgeville.
Barrow	Senator	Richard B. Russell	Dem.	Winder.
Coffee	Representative	John S. Gibson	Dem.	Douglas.
Coweta	Representative	A. Sidney Camp	Dem.	Newnan.
Dooly	Senator	Walter F. George	Dem.	Vienna.
Elbert	Representative	Paul Brown	Dem.	Elberton.
Hill	Representative	B. Frank Whelchel	Dem.	Gainesville.
Mitchel	Representative	E. E. Cox	Dem.	Camilla.
Montgomery	Representative	Hugh Peterson	Dem.	Alley.
Whitfield	Representative	Malcolm C. Tarver	Dem.	Dalton.
Total	18 Representatives			
Idaho:				
Bonner	Representative	Compton I. White	Dem.	Clark Fork.
Cassia	Representative	Henry C. Dworshak	Rep.	Burley.
Gooding	Senator	John Thomas	Rep.	Gooding.
Total	2 Representatives			
Illinois:				
Greene	Representative	Sid Simpson	Rep.	Carrollton.
Mason	Senator	Scott W. Lucas	Dem.	Havana.
Wayne	Representative	Jas. V. Heidinger	Rep.	Fairfield.
Total	1 Senator 2 Representatives			
Indiana: Steuben	Senator	Raymond E. Willis	Rep.	Angola.
Total	1 Senator			
Iowa:				
Audubon	Representative	Ben F. Jensen	Rep.	Exira.
Pocahontas	Representative	Fred C. Gilchrist	Rep.	Laurens.
Sioux City	Representative	Chas. B. Hoeven	Rep.	Alton.
Wayne	Representative	Karl M. LeCompte	Rep.	Corydon.
Winneshiek	Representative	Henry O. Talle	Rep.	Decorah.
Total	5 Representatives			
Kansas				
Kentucky:				
Campbell	Representative	Brent Spence	Dem.	Fort Thomas.
Edmonson	Representative	Beverly M. Vincent	Dem.	Brownville.
Floyd	Representative	Andrew J. May	Dem.	Prestonburg.
Greenup	Representative	Joe B. Bates	Dem.	Greenup.
Larue	Representative	Edw. W. Creal	Dem.	Hodgenville.
Woodford	Senator	Albert B. Chandler	Dem.	Versailles.
Total	1 Senator 5 Representatives			
Louisiana:				
Tangipahoa	Representative	Jas. M. Morrison	Dem.	Hammond.
Terrebonne	Senator	Allen J. Ellender	Dem.	Houma.
Winn	Representative	A. Leonard Allen	Dem.	Winnfield.
Total	1 Senator 2 Representatives			
Maine: Somerset	Representative	Margaret C. Smith	Rep.	Skowhegan.
Total	1 Representative			

Senators and Representatives residing in counties without daily papers—Contd.

State and county	Office	Name	Politics	Address
Maryland:				
Baltimore.	Representative.	H. Street Baldwin.	Dem.	Towson.
Harford.	Senator.	Millard R. Tydings.	Dem.	Havre De Grace.
Prince Georges.	Representative.	Millard G. Sasser.	Dem.	Upper Marlboro.
Total.	[1 Senator. [2 Representatives.			
Massachusetts.				
Michigan:				
Allegan.	Representative.	Clare R. Hoffman.	Rep.	Allegan.
Ontonagon.	Representative.	Jno. B. Bennett.	Rep.	Ontonagon.
Precious Isle.	Representative.	Fred Bradley.	Rep.	Rogers City.
Total.	[3 Representatives.			
Minnesota:				
Douglas.	Senator.	Henrik Shipstead.	Rep.	Miltona.
Lincoln.	Representative.	H. Carl Andersen.	Rep.	Tyler.
McLeod.	Representative.	Jos. F. O'Hara.	Rep.	Glencoe.
Total.	[1 Senator. [2 Representatives.			
Mississippi:				
Chickasaw.	Representative.	Thos. G. Abernethy.	Dem.	Okolona.
Franklin.	Representative.	Dan R. McGehee.	Dem.	Meadville.
Jackson.	Representative.	Wm. M. Colmer.	Dem.	Pascagoula.
Neshoba.	Representative.	W. A. Winstead.	Dem.	Philadelphia.
Pearl River.	Senator.	Theo. G. Bilbo.	Dem.	Poplarville.
Sunflower.	Senator.	Jas. O. Eastland.	Dem.	Ruleville.
Tallahatchie.	Representative.	Jamie L. Whitten.	Dem.	Charleston.
Total.	[2 Senators. [5 Representatives.			
Missouri:				
Dent.	Representative.	Wm. P. Elmer.	Rep.	Salem.
Dunklin.	Representative.	Orville Zimmerman.	Rep.	Kennett.
Lincoln.	Representative.	Clarence Cannon.	Dem.	Elsberry.
Stone.	Representative.	Dewey Short.	Rep.	Galena.
Total.	[4 Representatives.			
Montana.				
Nebraska:				
Kearney.	Representative.	Carl T. Curtis.	Rep.	Minden.
Kimball.	Representative.	A. L. Miller.	Rep.	Kimball.
Pawnee.	Senator.	Kenneth S. Wherry.	Rep.	Pawnee City.
Total.	[1 Senator. [2 Representatives.			
Nevada.				
New Hampshire: Carroll.	Representative.	Chester E. Merrow.	Rep.	Center Ossipee.
Total.	[1 Representative.			
New Jersey.				
New Mexico.				
New York: Putnam.	Representative.	Hamilton Fish.	Rep.	Garrison.
Total.	[1 Representative.			
North Carolina:				
Alleghany.	Representative.	Robert L. Doughton.	Dem.	Laurel Springs.
Davison.	Representative.	Wm. O. Burdin.	Dem.	Lexington.
Orange.	Representative.	Carl T. Durham.	Dem.	Chapel Hill.
Surry.	Representative.	John H. Folger.	Dem.	Mount Airy.
Warren.	Representative.	John H. Kerr.	Dem.	Warrenton.
Total.	[5 Representatives.			
North Dakota: Griggs.	Senator.	Gerald P. Nye.	Rep.	Cooperstown.
Total.	[1 Senator.			
Ohio: Williams.	Representative.	Cliff Clevenger.	Rep.	Bryan.
Total.	[1 Representative.			
Oklahoma:				
Greer.	Representative.	Victor Wickersham.	Dem.	Mangum.
McIntosh.	Representative.	Jack Nichols.	Dem.	Eufaula.
Pushmataha.	Representative.	Paul Stewart.	Dem.	Antlers.
Texas.	Representative.	Ross Rizley.	Rep.	Guymon.
Total.	[4 Representatives.			
Oregon.				
Pennsylvania.				
Rhode Island.				
South Carolina:				
Lancaster.	Representative.	Jas. P. Richards.	Dem.	Lancaster.
Lee.	Senator.	Ellison D. Smith.	Dem.	Lynchburg.
Saluda.	Representative.	Butler B. Hare.	Dem.	Saluda.
Total.	[1 Senator. [2 Representatives.			
South Dakota:				
Hand.	Senator.	Harlan J. Bushfield.	Rep.	Miller.
Custer.	Representative.	Francis Case.	Rep.	Custer.
Total.	[1 Senator. [1 Representative.			

Senators and Representatives residing in counties without daily papers—Contd.

State and county	Office	Name	Politics	Address
Tennessee:				
Franklin.	Senator.	Tom Stewart.	Dem.	Winchester.
Marshall.	Representative.	J. N. McCord.	Dem.	Lewisburg.
Smith.	Representative.	Albert Gore.	Dem.	Carthage.
Williamson.	Representative.	Wirt Courtney.	Dem.	Franklin.
Total.	[1 Senator. [3 Representatives.			
Texas:				
Blanco.	Representative.	Lyndon Johnson.	Dem.	Johnson City.
Colorado.	Representative.	Jos. T. Mansfield.	Dem.	Columbus.
Erath.	Representative.	Sam M. Russell.	Dem.	Stephenville.
Houston.	Representative.	Nat Patton.	Dem.	Crockett.
Mitchell.	Representative.	Geo. H. Mahon.	Dem.	Colorado.
Wheeler.	Representative.	Eugene Worley.	Dem.	Shamrock.
Total.	[6 Representatives.			
Utah:				
Beaver.	Senator.	Abe Murdock.	Dem.	Beaver.
Iron.	Representative.	Walter K. Granger.	Dem.	Cedar City.
Total.	[1 Senator. [1 Representative.			
Vermont.				
Virginia:				
Clarke.	Senator.	Harry F. Byrd.	Dem.	Berryville.
Rockbridge.	Representative.	A. Willis Robertson.	Dem.	Lexington.
Total.	[1 Senator. [1 Representative.			
Washington: Pacific.	Representative.	Fred Hormann.	Rep.	Raymond.
Total.	[1 Representative.			
West Virginia: Gilmer.	Representative.	Edw. G. Rohrbough.	Rep.	Glenville.
Total.	[1 Representative.			
Wisconsin:				
Iron.	Representative.	Alvin E. O'Konski.	Rep.	Mercer.
Jackson.	Representative.	Merlin Hull.	Frog.	Black River Falls.
Waupaca.	Representative.	Reid F. Murray.	Rep.	Ogdensburg.
Total.	[3 Representatives.			
Wyoming:				
Niobrara.	Representative.	Frank A. Barrett.	Rep.	Lusk.
Park.	Senator.	Edward V. Robertson.	Rep.	Cody.
Total.	[1 Senator. [1 Representative.			

The CHAIRMAN. The next witness is Mr. Ed M. Anderson, chairman of the National Editorial Association.

Mr. Anderson, will you please come around and give your name, address, and identify yourself for the benefit of the record.

STATEMENT OF ED M. ANDERSON, CHAIRMAN, NATIONAL EDITORIAL ASSOCIATION LEGISLATIVE COMMITTEE

Mr. ANDERSON. Chairman Doughton and members of the committee, I am Ed M. Anderson, publisher of five weekly newspapers located in North Carolina, and chairman of the legislative committee of the National Editorial Association.

The CHAIRMAN. The chairman would like to observe that Mr. Anderson publishes a newspaper in his home county and one in the adjoining county, and he has about four other weekly newspapers, I think. Mr. Anderson enjoys the confidence and respect of all who know him.

He has made a splendid contribution to the moral, civic, and economic uplift of our section of North Carolina. We are very pleased to have you appear before our committee, Mr. Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman. I might add that our section is very pleased and happy to have Bob Doughton up here, too, and we intend to keep him up here 34 years more.

You have heard, gentlemen, the testimony presented by Representative Clarence Cannon, by officials of the National Editorial Association, by the State press associations, by editors and publishers from different sections of our Nation who pointed out the urgent need for immediate passage of the Cannon bill.

You have also heard testimony from the Treasury officials and the War Advertising Council, strongly urging that this bill not be passed.

It is my purpose at this time, Mr. Chairman, to summarize briefly some of the most important points made by our colleagues, which I feel should be emphasized, and to refute some of the arguments that have been made against the bill.

In our opinion, and we feel that we are close to the cross roads of America, in our opinion the most dangerous threat to the national welfare today is inflation, and that one of the surest ways to combat this threat is every person who has an income to invest his surplus money in War bonds.

As you gentlemen well know, the Government needs to borrow from the people this year approximately \$64,000,000,000 and reliable estimates indicate that the surplus or excess spending power might be that much.

It is the declared policy of the Treasury to shape its borrowing program with a view of raising this tremendous sum by selling bonds to as many investors and individuals as possible. The purpose of the policy is twofold: first, to divert a portion of the public's growing income from the purchase of commodities and property to helping the war effort, and second, to reduce as much as possible the expansion of the already large volume of bank deposits.

Although this borrowing program has been in effect for some time, the returns of War bond sales, as they have been pointed out to date show that the banks and corporations and the like, and not the individuals, own most of the War bonds.

Last July, Mr. Ted R. Gamble, National Director of the Treasury's War Finance Division, who testified here yesterday in opposition to the bill, described the problem facing him and the Treasury and the Nation as follows:

The problem of financing the war is part and parcel of the problem of inflation and as such it is probably the greatest and gravest problem of the domestic economy today.

The difference between \$80,000,000,000 in goods and services available for purchase, and the \$125,000,000,000—

and I wish to point out that this estimate has been increased to around \$145,000,000,000—

of disposal income available for spending is \$45,000,000,000, or today's estimate of \$65,000,000,000, and it is this money which measures the excess of demand over supply.

It can be employed for savings or for inflation.

And then, gentlemen, significantly this Treasury official explained then that what we have lacked is not the savings, but the disposition to invest enough of these savings in Government securities. The Government does not need bank money, he pointed out:

The Government does not need printing press money; the Government needs the people's money.

And then Mr. Gamble declared, and it seems to us that that is significant:

It is these Americans earning \$5,000 a year or less who have seven-eighths of the current income after taxes, and it is these Americans, and only these Americans, who can provide their Government with the funds that it so desperately needs today.

And then he suggested:

There is a job to be done, a tremendous job to be done. At the present moment there is only one way in which we can do it, and that is by going into the field and conducting a house-to-house canvass in every one of the Nation's counties.

And as you will recall, yesterday Mr. Gamble again here said that one of the great needs was voluntary solicitors, more of them, in the cities, in the towns, and in the country, to sell bonds to the people.

We agree with him that the job must be done. We agree that more solicitors are needed. But we do contend that in order to obtain an even larger army of volunteer workers, it is essential and necessary to have a well-planned businesslike Government-paid program of advertising in all the newspapers in order to stimulate enthusiasm and action on the part of the volunteer workers and to secure a sufficient number of them, and to educate the public to the Government's needs and their responsibilities and obligations.

That, Mr. Chairman, and members of the committee, is the major purpose of the Cannon bill.

Now, as a publisher for five weekly newspapers in four counties, it has been my pleasure to help in every bond drive that we have had, every month's campaign, to assist in making the plans for conducting these drives, to get out and help them put them over, and from that experience, I have learned something about the way to conduct a successful campaign in a small town, rural America.

One of our counties ranks second in the State of North Carolina in the sale of bonds percentage to quota, and it ranked second in the collection of scrap metal, which must be conducted along the same lines.

To make those campaigns successful and to get those voluntary workers required the entire resources of our newspapers for the generation of enthusiasm. We had to run a lot of not just front-page news, front-page publicity, but we had to back it up with editorials and with large display advertisements.

Those, gentlemen, are essential to arousing people to get enough enthusiasm to go into the field.

As Representative Cannon, sponsor of the bill, pointed out—

The bill is the answer to one of the pressing questions of the day. Let us get the job done in the quickest, fairest, most businesslike, most economic, most practical way.

The Treasury, as you know, has already announced that the goal of the Fourth War Loan drive that will start on January 18 is \$14,000,000,000, and that during this drive major emphasis will be placed on the sale of War bonds to individuals. To aid in achieving these goals during the Fourth Loan drive it is imperative that the Cannon bill be passed immediately so that advertising can be started on or before January 18.

According to recent estimates, there are 13,000,000 in the 36,000,000—one out of three—families in this Nation who do not own a War bond today, and yet their income is the greatest it has ever been, and this is indeed regrettable and something should be done about it immediately and you gentlemen can, and I believe will, do something about it.

Why does this condition exist 2 years after Pearl Harbor? Part of the answer is simple. The Government has failed to use its great home-town weapon, wartime advertising in the newspapers to the greatest advantage. It has followed the hit-and-miss system, the volunteer system, the pass-the-cup system, and this system in many instances has been great in volume, but lacking in effectiveness that supplemented Government-signed messages and appeals would have, and in the second place it has in a large measure failed to reach the great masses of people, particularly the 52 percent of population in rural and small-town America.

The reasons for this, as have been explained, are that the American people are patriotic, and will respond when their Government calls on them if the Treasury signs its message; and second, the great volume of nationally sponsored bond advertising is limited, more or less to papers published in cities of 25,000 population or over, and does not reach the ten or eleven thousand papers published in cities and towns under 25,000; and third, because the small merchants located in the small towns, as has been pointed out, it is virtually impossible for these papers to secure an adequate amount of local sponsored advertising to do the job for War bonds and about 20 or 30 other war activities that we have going on all the time.

Now, those activities include waste-paper campaigns, scrap-metal campaigns.

Other witnesses have clearly pointed out that sales resistance now to this type of Government advertising is stiffening and that the volunteer, hit-or-miss, pass-the-cup system is not producing the desired and needed results. In many ways the small-town papers, and their editors, are rendering a great service to the war effort. Bonds, salvage, rationing, and other wartime programs are localized—and this is important, we think—by county quotas, county committees, county planning and the success of all these essential drives and programs depends to a great extent upon what the newspapers, the small-town newspapers do, because they are very close to their readers and they have far more reader interest and influence than do other publications or media.

These newspapers and their editors are devoting their resources and energies toward doing everything possible to make this campaign successful. They are giving their news, editorial, and advertising columns. The editors are usually leaders in the local campaigns just as they are in the civic affairs of their community, and spend a considerable amount of personal time in promoting these programs. They are doing this as a patriotic service, and do not want and would not have any reward for this service.

But it is impossible for them to give a sufficient volume of advertising space to the War bond program. In most cases their businesses have been affected by the war. Their costs have increased. Their incomes have been decreased. The Government buys and pays for everything else except the space that it requests to raise the money to pay for everything else.

That obviously is not right nor it is producing results in terms of individual War bond sales, so greatly needed to combat inflation and to aid in paying the cost of the war. It is my firm conviction that the greatest and one of the most patriotic and hardest working army of volunteer workers for bonds and other wartime workers in the Nation, and we appreciate the tributes that have been paid by Mr. Gamble here yesterday, this army is composed of the small-town editors and publishers located in every city, small city, and town and village in the country.

For generations these men and women who are dedicated to the principles for which America stands have placed major emphasis, gentlemen, on community service. To them it is about as important a function as the dissemination of news.

During this war they are the men and women who are in the thick of the fight, helping to organize and to direct War bond and other wartime campaigns. They are doing everything they can to help put over these drives in their communities. We know what it takes, as explained, to put these campaigns over. There must be every resource of the paper devoted to them.

The large type and illustrations in advertisements are essential to inform quickly and to persuade. A vast amount of front-page publicity, editorial, and human-interest column appeals is also needed. This must be timed with a well-planned campaign, and it is this service that generates the steam, as I explained a moment ago, and arouses the enthusiasm and a keen desire on the part of the public to get in behind and fight for these drives.

Here, gentlemen, is a typical example of the news cooperation, the publicity cooperation which these small papers give, which they give the war programs in most cases precedence over just ordinary local news.

I would like to show you just the headlines of some of these papers.

Here, for example, the regulation and policy in our organization includes, if we have a murder, a suicide on Wednesday, published on Thursday, and if we have a War bond drive starting next day, the War bond drive would get the streamer headline; carried at the corner at the top is always "Buy War Bonds"; "Transylvania goes over the top," that is a War bond headline; "County trims bond quota," War bond headline; "To hold victory," that is on War bonds again; to hold big War bond rally, War bond sales are good—notice it is a top streamer—"County gets salvage pennant," a pennant for scrap raising; "County to have some Victory gardens," "New scrap drive," "County is over the top on scrap metal."

These were just a few we picked out of the headlines in the newspaper and the others are war programs.

Mr. EBERHARTER. Mr. Chairman.

The CHAIRMAN. Mr. Eberharter.

Mr. EBERHARTER. Mr. Chairman, may I ask approximately what period those headlines cover?

Mr. ANDERSON. The past 12 months are the ones I have picked out here, approximately half of our papers have them. This is the Allegheny News—"Red Cross War Fund Drive Is Under Way." "War Loan Drive." "War Fund Drive." "Gigantic Drive."

These give you an idea of the seriousness with which we try to devote, sir, all the resources of the paper to it, and one thing that

makes us conscious of the necessity of having to do that, even greater than we would otherwise, is a lack of adequate appeal from the Government through effective advertising, and we feel that one of the great mistakes the Government has made in this is not having a unified program of advertising to tell the people, in the Government's own way, about rationing of gasoline, food, price ceilings, explaining it simply and signing the message, and let that be the expression of the official agency, rather than having one official get up on the radio one night and make one statement on the rubber situation, and the next day an equally responsible person make a contradictory statement about it.

It has created, gentlemen, in small town America confusion in the minds of the public, and a lack of understanding, lack of appreciation of problems, and that is the situation here with the War bonds.

Just saying "Buy Bonds" is meaningless unless there is some very specific appeal, argument, and some explanation, as to the safety of that investment. The Government's name has always stood for security, guarantee of security, "We promise to pay" in the Government's name. The people respect it more than anything else.

Now, the backbone of all these promotional campaigns is displaying. These headlines are good, but they must be illustrated, the appeals to support publicity and headlines, and editorial comment.

If you gentlemen of the Ways and Means Committee will show me someone who is enthusiastic about paying his taxes, I will gladly agree with the statement Mr. Gamble made here yesterday, that the merchants are enthusiastic about buying war bonds.

The way that page ad was displayed over here yesterday—we know this from experience—we go down the street and we sell a merchant, a department store, if you please, a Treasury ad which you send us every week.

The next week the other department stores in town feel that because of the patriotic fever that should and does exist, they have to run one too. So they say, "Do you have one of those things?" There is a little grudge against the paper. They think we are probably using a patriotic hammer over their heads to get some business, and there is a resentment to it. There is a lot of it, yes.

But if the Government would pay their way, and they say that, "Why doesn't the Government help," they would come along, I think, with a great deal more voluntary enthusiasm than they do today.

As the Treasury pointed out, there is a direct relationship between advertising and the sale of bonds. Sponsored advertising should be supplemented by Government paid advertising. It is our opinion that about 250,000,000 of the alleged 300,000,000 donated space is paid for by the Government itself through tax reductions, and we have no complaint or quarrel about that. We feel that these national manufacturers who have nothing to sell are justified in keeping their brands and names before the people. We feel they are rendering a patriotic service when they advertise War bond buying, but we do quarrel with them in that they restrict their advertising to a class group. This might be called class legislation.

Well, the reason for it is because of class presentation of the War bond messages into these larger papers, 416 of them in the Nation, as against the 16,000 in smaller communities.

The Treasury Department, the War Advertising Council, the National Advertising Agencies, have allowed this situation to develop, and that, gentlemen, is one of the main reasons we are here. If there had been some other national sponsor coming down to help the small papers get it across without having to be accused of being racketeers by some of those merchants, there would have been that, although we feel and maintain that the Government advertising would get greater results because of the Government's own request upon the people, and their desire to do what their Government asks them to do.

To prevent inflation which might destroy this Nation's financial stability, the sale of War bonds to individuals is imperative, and this bill provides the surest way to do it, the most economical way of accomplishing that important job.

Another witness has shown that the sale of Government bonds in Canada to individuals has been phenomenally high, chiefly because of the businesslike paid Government advertising program such as this bill provides.

It has always been pointed out that paid advertising in Canada and England does not and has not proven to be a subsidy to the newspapers, nor a threat to a free press. Neither will it be a subsidy or a threat to a free press in this nation.

The bill provides for the purchase of equal space in newspapers at their regular rates, the same as they charge anybody else. In our opinion it does not provide for the expenditure of any more money than is absolutely necessary to do the job. Newspapers do not want and would not have a subsidy, but the thing, the only thing they have to sell besides their newspapers themselves is advertising space, and they must receive money for that space if they are to remain in business.

The editors of the paper realize that the freedom of the press belongs to the people and not to them, and that a free press is the heart and soul of democracy, and that they are the guardians of a free press in America, and as such they would be the last ones in the land to relinquish it.

To sell \$64,000,000,000 in War bonds annually to secure the greatest number of individual bond buyers, and thereby check inflation, this advertising program contemplates approximately a 60-inch advertisement once a week in weekly newspapers, and about 30 pages in each of the daily papers a year. That is, it seems to us, a minimum amount, and we doubt seriously if the job could be done with less.

A 60-inch ad, less than half a page, in the weeklies, and a page—a little more than every other week in the dailies, we are also convinced that if the Government runs that much paid space, that the stimulation from it will increase the enthusiasm among local merchants to join in and help out then.

Certainly that was experienced in Canada.

Now, Mr. Chairman and members of the committee, we favor the passage of the Cannon bill, No. H. R. 3693, in its present form, which is practically the same as the Bankhead bill, and is reported favored by the Senate Banking and Currency Committee.

We are opposed to the Reed and Bankhead amendments for the following reasons, first of the Reed amendment.

It provides that the appropriation be cut in half, and directs that the entire amount be spent in newspapers published in cities and towns of 10,000 population or less, and in nondaily papers published in cities of over 10,000.

As previously stated, we have maintained continually that War bonds advertising in all newspapers, large and small, should be supplemented by paid Government messages over the Government's own signature. It seems to us that what the dailies need is not more War bond advertising, but high quality, effective, official Government advertising.

Without an understanding of and an appreciation of the Government's vital finance problem which this measure undertakes to solve, and because many of them have more advertising than they want, because of a purely imaginary and ungrounded fear of losing some of that nationally sponsored advertising that overflows their banks, some of the metropolitan papers have bitterly opposed the passage of this measure.

We believe they are wrong and that the Government needs to appeal directly to the people living in metropolitan centers, too, and that they need to secure more local solicitation and we realize further that the volume of it is needed worse perhaps in small towns and rural areas.

Second, the Vandenberg amendment. It provides the Government be allowed the same commission as newspapers allow to advertising agencies, namely 15.2 percent.

We are strongly opposed to this amendment because it is an established practice in policy of practically every newspaper not to grant such discount or commission to any advertiser. That is important. This is a matter that should be left up to the administrator and his advisers, as the bill provides, of at least one representative from the weekly and one from the daily national publishers associations.

The 15.2 percent paid agencies constitutes a pay for services rendered, and for that reason the overwhelming majorities of the papers have a policy not to grant that to an advertiser.

Yes; during the testimony of Eck, the gentleman from Oklahoma, Mr. Disney, raised a question as to whether the reference to newspapers having second-class entry was sufficiently specific to confine the advertising to such publications.

The postal laws and regulations distinguish between the textual contents for purposes of specific rates and for qualifying for the expeditious handling in the mails.

Dr. James E. Parlot, of the Ohio State University, in his study of newspapers as defined by law points out first (page 8) the standard newspaper is simple, simply that—

kind which the great body of the public is in the habit of reading daily or weekly, containing local, foreign, and current news, editorial matter, and advertisements for which the reader pays.

For the purpose of clarification I submit to Mr. Disney that an amendment something like this be inserted:

And for the purpose of the act, a newspaper shall be a publication devoted in the main to news of current interest, printed and published not less frequently than weekly, and where circulation is principally within the community or county.

There was some discussion here yesterday about the population basis for the distribution of this advertising. As Representative Cannon pointed out, the latest official census of 1940 is more desirable for statutory purposes. Practically all other Government policies involving population are founded on these official figures.

On behalf of my colleagues who have testified, I desire to extend our appreciation for the courtesy you have extended to us, for your interest in this vital subject. We feel confident that you will give the bill full consideration as you are now doing, and that you will make a favorable report to the House, so that the measure can be enacted into law immediately and put into operation on or before the Fourth War Loan drive starts on January 18.

Thank you.

The CHAIRMAN. We thank you, Mr. Anderson, for your statement, and your very helpful evidence.

Mr. CAMP. Mr. Chairman.

The CHAIRMAN. Mr. Camp.

Mr. CAMP. Mr. Chairman, I would like to ask Mr. Anderson one or two questions if I may.

The CHAIRMAN. Yes.

Mr. CAMP. As I understand it, the Government has not paid the country press, the country newspapers, weekly, small town newspapers, for any advertising except such as may have been paid by local sponsors.

Mr. ANDERSON. That is correct; yes, sir.

Mr. CAMP. And it is up to the newspaperman to get those sponsors for the advertising.

Mr. ANDERSON. That is correct.

Mr. CAMP. I gave yesterday the illustration of an editor who had brought this matter to my attention, in which he stated that he himself was not going to ask any merchants to pay for any advertising or any sponsor, not only merchants, to pay for any advertising, and the paper that he sends me today contains this paid advertisement which he says he simply gave to the Government rather than to get out and try to get sponsors. He said he met with such condemnation that he felt he did not want to do that again.

I want to ask you, the copy for that advertisement, where did that come from?

Mr. ANDERSON. Offhand I would say it came from the office of the Treasury.

Mr. CAMP. Yes. Now, do they send that out to you already set up in a plate, ready for your press?

Mr. ANDERSON. It is available in either plate or mats, mat form.

Mr. CAMP. Now, do they send that to every newspaper in the country?

Mr. ANDERSON. Provisions put into effect several months ago were that it was necessary for the publisher to sign a card. They send him a card asking, "Do you want regular daily or weekly service on mats and ads?—yes or no."

Those who returned that received that service. Then when the War Loan drives are conducted, they send out a brochure showing a large number of ads which are available in mats or plate form, and suggesting that they be checked and sent back in and the mats or plates will be forwarded to them.

Mr. CAMP. So everything is furnished for this ad except the space in the newspaper.

Mr. ANDERSON. Yes; and unfortunately sometimes we overorder, and sometimes they oversend, and much of it is thrown away.

Recently there was some information divulged as to the cost of that service, and it was revealed that the Treasury was paying Western Newspaper Union a considerable higher price than that service, than another firm had quoted for delivery. We are not sure, but we understand that many of the figures quoted as to the amount already sponsored were furnished through that source, and we believe they are inflated in size.

Mr. CAMP. Now, as to this Vandenberg amendment which provided that if the Government bought space this discount be allowed the Government, is that the usual discount, 5 plus 2 percent? Is that the usual discount that an advertising agency gets for placing an ad in a paper?

Mr. ANDERSON. Preparing copy and placing that; yes, sir. It has been true for years.

Mr. CAMP. Do the advertising agencies handle any of this advertising for the Government?

Mr. ANDERSON. Not the War bond advertising.

Mr. CAMP. Yes.

Mr. ANDERSON. No, sir. They handle other advertising for the Government, such as the Army and Navy places, the WAC's and the WAVES campaign which the Government pays for when it places it.

Mr. CAMP. Now, these sponsored advertisements, by war contractors, for instance, and the firms with national business who do advertising, have you ever had any one of those sent down to you for your paper? Is that done? That is, a Ford advertisement, or a General Motors advertisement, or anything like that?

Mr. ANDERSON. As I recall, I have not. They do advertising of their own product. A limited number of them do. But the War bond advertising, as I recall, I have had none.

Mr. CAMP. Where do they send that primarily?

Mr. ANDERSON. Primarily in the larger metropolitan newspapers located in the larger cities.

Mr. CAMP. I believe that is all.

Mr. CARLSON. Mr. Chairman.

The CHAIRMAN. Mr. Carlson.

Mr. CARLSON. Mr. Anderson, seeing you mentioned the Western Newspaper Union, I think it ought to be a matter of record that some of the contract that the Treasury has had with the Western Newspaper Union, and now I am reading from an article that appeared in the Washington News, written by John F. Kramer, and he makes this interesting statement: A previous article written by Mr. Kramer under date of October 6 stated that the War Finance since July 6, 1942, had spent almost \$1,000,000 under its contract with the Western Newspaper Union. Of this, approximately \$280,000 has gone for mats.

Quoting another sentence:

Moreover, the contract was handled in such a way that only Western Newspaper Union was permitted to benefit.

Here is another sentence in this article:

By buying its mats exclusively from the Western Newspaper Union, Treasury had to pay from three and a half to twelve times what a competing firm charges the Office of War Information.

I thought in view of the fact that you mentioned this particular agency, and I know nothing about them, that the record ought to show that this committee at least has taken cognizance of the fact that they have purchased these mats and this material from an agency at several times what it could have been secured at had it been let out by competitive bid.

If you have any comment to make, all right; if not, it is quite all right.

Mr. ANDERSON. Mr. Chairman, I would like to point this out, which I have just learned.

In Wisconsin, I am informed, the W. P. B., War Production Board, is buying advertising in all the dailies, sending free publicity to all the weeklies. That is typical of some of the other campaigns, salvage being one of them.

In regard to the question raised yesterday by Mr. Cooper as to why the 10,000 population division, I should like your indulgence, please.

This map here shows towns of over 10,000 population in the black, and the ones that are in white are the others.

It is told in a different story. I have just discovered this this morning, and there is nothing political about this. It says here that 77 percent of the United States Senators represent rural constituents, and illustrates it in green, and 62.3 percent of the United States House of Representatives represent rural constituents, and that is shown in red.

That is the evidence, Mr. Chairman, as to the population.

The CHAIRMAN. We thank you, Mr. Anderson.

Mr. ANDERSON. Yes, sir; thank you.

(The following statement was submitted for the record:)

ADDITIONAL STATEMENT OF ED M. ANDERSON, CHAIRMAN OF THE LEGISLATIVE COMMITTEE OF THE NATIONAL EDITORIAL ASSOCIATION

Mr. Herbert G. Pillen, president of Controlled-Circulation Newspapers, Inc., testified before the House Committee on Ways and Means December 4, asking for the inclusion of the particular class of publication be represented in the pending bill.

I wish to explain the possible consequences by filing a statement similar to one presented to the Senate Banking and Currency Committee. It follows:

CONTROLLED-CIRCULATION PUBLICATIONS

Practically all States require the possession of a second-class mailing permit for a publication to qualify as a legitimate newspaper. These possessions, in the judgment of State legislatures, are necessary to prevent fly-by-night publications springing up in an effort to obtain legal notices designed for publication in newspapers. One or two States are lax and in these instances encourage mimeograph sheets to masquerade as newspapers.

The definitions as to what constitutes a newspaper are generally standardized by the State legislators. The dominant requirement to second-class entry:

"A Minnesota law requires no less than 25 percent of the paper shall be devoted to local news, while Ohio stipulates the total news content shall be not less than 40 percent."

The United States Post Office Department has stringent regulations for a newspaper to qualify for a second-class permit. Section 520 of the Postal Laws and Regulations describes matter of second class:

"It must be originated and published for the dissemination of information of a public character, or devoted to literature, the sciences, arts, or some special industry, and having a legitimate list of subscribers. Nothing herein contained shall be so construed as to admit to the second-class rate regular publications designed primarily for advertising purposes, or for free circulation, or for circulation at nominal rates."

Thus, the law makes it a fundamental requirement that the circulation of a newspaper must merit a demand from people who desire it by paying for it for a stated period. Circulation which is free does not entitle a publication to a second-class permit.

It is generally understood that these free papers are published exclusively in the interest of the advertiser:

"A paid-circulation newspaper, no matter what is paid, must be edited for the subscriber, because the subscriber has the power of life and death over such a publication. It must meet the needs of the field. It must be edited for the subscriber, because if the subscriber refuses to take the paper the paper dies. Its prime object is to serve the field, no matter how much or how little advertising it carries. If it carries a large volume of advertising, its necessity for serving the reader is more pressing, because it has more at stake. And the intelligent advertisers recognize that fact and lend a hearty support to that publication."

I assume that Senator Bankhead had in mind newspapers with a legitimate subscription list when he wrote that provision of the pending bill. My recollection is that the bulk of the so-called controlled-circulation publications are printed in large cities and are commonly known as Shopping News. There may be a few in smaller communities, but I do not know of any throw-aways in these areas. In some large cities the Shopping News carries nothing but advertising. Others insert a few news items to give it the appearance of a newspaper. Neither the State nor Federal Governments use them for advertising purposes.

To open the present definition of newspapers to those who cannot satisfy the Post Office Department that they are legitimate newspapers, then they should not be considered such for the purposes of this bill.

The CHAIRMAN. The next witness is Mr. Herbert Pillen, of the controlled Circulation Newspapers of America, Inc.

Mr. Pillen, please identify yourself by giving your name, address and connections for the benefit of the record.

STATEMENT OF HERBERT PILLEN, PRESIDENT, CONTROLLED-CIRCULATION NEWSPAPERS OF AMERICA, INC.

Mr. PILLEN. My name is Herbert Pillen; I am president of Controlled-Circulation Newspapers of America, with offices at 522 Munsey Building, of this city.

The CHAIRMAN. How much time do you need, Mr. Pillen?

Mr. PILLEN. Ten or twelve minutes.

The CHAIRMAN. Proceed.

Mr. PILLEN. I represent newspapers spread throughout the United States of America, some of them from 5,000 circulation up to one which has a circulation of three-quarters of a million.

These papers are issued either once or twice a week. They come in the category of both small and large papers. For instance, the Nevada, Missouri News has a circulation of 5,100; Niles, Ohio, Standard, 5,200; North St. Louis Community News, 62,500, and so on.

I am going to make this list a part of the record. They are in most of the States throughout the country, and the total circulation per week is 6,500,000.

Last September our association met in Chicago and asked me to appear here for the purpose of suggesting that the bill, as introduced and as it is before your committee now, is unfair and discriminatory in that it is limited to newspapers which enter into the mail through the second-class mailing privilege.

Now, our newspapers have the appearance and everything else of every other newspaper. They are, however, community newspapers, delivered entirely by hand, and, therefore, they do not resort to second-class mailing privileges. They are supported entirely by their advertisers, rather than supported by the subscription rate. Some of them do have a subscription rate, but see no reason to apply for second-class mailing privileges for the reason that they are delivered by hand anyway, and are not sent out of the community.

So that you may see the type of paper, here, for instance, is the Pontiac News, which has every appearance of every other newspaper except of course that it does not have—

Mr. WOODRUFF. Pontiac, Mich.?

Mr. PILLEN. That is right. Here is the Independent, of Grand Rapids, Mich. Here is the West Side News, of Cleveland, Ohio. That is a community within the city of Cleveland, a part of Cleveland. Here is the Scoop, which is northeast Cleveland. Here is the Home News, of Baltimore, Md., and so on, the Niles Standard, the Watertown Mirror, from your State, Mr. Reed, Watertown, N. Y.

There are others of that type too there. They have everything else that every other newspaper has except the fact that they do not apply for and are not delivered through the mails.

Now, we believe that the fact that you have put that second-class mailing privilege limitation in the bill is the thing that makes it a subsidy. The overwhelming defeat of subsidy legislation on the floor makes it apparent that Congress does not believe in subsidies.

Now, it is obvious if we take the figures published by the Post Office Department to the effect that it costs \$112,828,000 to deliver second-class mail, and there is a return of only \$26,793,000, that the Government pays more to deliver second-class mail than it receives in return, and, therefore, if you say this is not a subsidy, but you make your measure for determining who may participate those who receive a subsidy, you in effect make this a subsidy, because you say the only newspapers which can benefit are those which receive a subsidy, and for that reason we have opposed including in the legislation the phrase "second-class mailing privilege."

We give the same service to our advertisers, to our readers, that any other paper can give and could give. These papers are, as I say, supported entirely by the advertisers. There is no subscription rate in most instances, although there are some instances in which there is a subscription rate.

Now, the question was asked yesterday, by Mr. Eberharder, I believe, as to the community papers, and the statement was made that they are throw-aways.

If by that you mean they are delivered to every home in the community that is a description that could be used. They are delivered to every home in the community.

Mr. WOODRUFF. Mr. Chairman.
The CHAIRMAN. Mr. Woodruff.

Mr. WOODRUFF. May I see the Pontiac paper?

Mr. PILLEN. Yes, sir. It is November 4.

Mr. WOODRUFF. Thank you.

Mr. PILLEN. We believe that since we are advertising specialists, we have convinced the people who read our paper, the merchants who buy space in it, that we give them more for their money than they could get any place else, because the advertiser buys his space on the basis of reader interest, and on the basis of circulation.

We have that reader interest and we have that circulation, or the hardheaded businessman who buys space in our paper and who has supported our papers through the years, and these papers are most of them 25 years old, so they are not something that has sprung up overnight looking for advertising, they are something that has existed through the years and can therefore continue to exist through the years on the basis of the return they give for the money—we feel, therefore, that the Treasury ought to have the opportunity to determine whether or not they want to buy space in our paper or any other paper, and buy it on the basis of results they can get.

I think you will find that there are many communities in the country that are served only by this type of publication, and if your purpose is to sell bonds, the space which we provide in a merchandising paper will do a better job, because that has been and is our prime job, to sell merchandise.

When this problem of a hearing came up, as to whether or not our papers do a good job, I sent a bulletin out at the end of last week, and asked our people to send me some copies they had received from Government agencies, telling how the advertisements in our paper were received, and these are some that came back, in just a few days.

Those on the top here are from the representatives of the Treasury Department, saying what they think of advertising in our paper for the selling of bonds.

Now, some of these others have other features. For instance, the scrap drive and other activities of the Government of that kind. I see no purpose in reading a great many of these into the record, or even making them a part of the record, but I can assure you that these are letters from the Treasury Department representatives throughout the country saying that the use of advertising in community papers throughout the country has sold E bonds more than other media, because these papers are taken into the homes. They are delivered into the homes. They are not read on the streetcar and thrown away, but they are read by the housewife who, after all, is the person who does the buying.

That, gentlemen, I think, expresses the thoughts I was instructed to express to you.

Mr. COOPER. Mr. Chairman.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. Mr. Pillen, let me inquire of you briefly for information.

Mr. PILLEN. Yes, sir.

Mr. COOPER. That is the only purpose of any of my questions at this hearing, to get information.

Mr. PILLEN. I understand.

Mr. COOPER. You present a situation there that I think ought to be considered.

Now, you have any number of community newspapers.

Mr. PILLEN. Yes, sir.

Mr. COOPER. It is just like any other newspaper that is published.

Mr. PILLEN. That is right.

Mr. COOPER. But it covers a certain community or a part of a city.

Mr. PILLEN. May I add this, that in our membership are about 18 newspapers which are merchant-owned shopping news. Now, they, of course, do not carry as much news matter. They are owned by the downtown merchants and the purpose is to bring people downtown to buy goods in the downtown stores. They are also members of our association.

Mr. COOPER. I am not referring to that type, a leaflet or sheet or paper put out by some merchant. I am not thinking about that.

What I am thinking about for the moment are these so-called community newspapers that are published, and I do not have any of them in my district, but I have heard of them from time to time. I have heard that there are any number of community newspapers published in the large cities throughout the country.

Mr. PILLEN. That is right.

Mr. COOPER. I was talking to one Member of Congress who was telling me about the number of community papers published in Los Angeles, Calif.

Mr. PILLEN. Yes, sir.

Mr. COOPER. Now, it is just like any other newspaper, but it is just published for a given community or section of the city.

Now, you illustrated there are several papers of this type published in different communities in the city of Cleveland, Ohio.

Mr. PILLEN. There are a number in Chicago, too.

Mr. COOPER. Well, all right. And I believe Mr. Eberharter stated yesterday there are a number in his city of Pittsburgh.

Mr. PILLEN. Yes, sir.

Mr. COOPER. And I think he said about 10. And Mr. Eck said he thought it was about 18.

Mr. PILLEN. Yes, sir.

Mr. COOPER. Well, now, what I am getting at is this: Under the provision of this bill, half of the money provided is to go to newspapers published in cities or towns below 10,000 population. The other half of the money is to go to newspapers published in cities or towns of more than 10,000 population.

Now, all these papers you are talking about, these papers you are talking about, these community papers, are published in cities of more than 10,000 population. Yet they would probably compare, in circulation, with county newspapers, or those published in cities of less than 10,000. Yet the part of the money that could go to those newspapers that you are speaking for would have to come out of that half of the money provided for towns and cities above 10,000 population.

Mr. PILLEN. Yes, sir.

Mr. COOPER. Now, what have you to say on that point?

Mr. PILLEN. Well, I have made no particular study of the effect of population in relation to which of my papers might be benefited, or not benefited. Our whole thought has been that we want to share in

the same picture, if we can do the same job. We want to be able to meet in free and open competition anyone of our competitors and not have a congressional act say, "Even though you can do as much for us or do as much service, you cannot participate." Some of our papers would probably not be interested in Government advertising because they do represent merchants, you see. In the larger cities, with the curtailment of newsprint—for instance, the Washington Star—you will find on the face of it the statement to the effect that rationing of advertising has to follow.

Well, people who have advertised with us, say in 1941, and earned for us a quota of newsprint would feel that they have a right to that space over someone else, and if it is not helpful to the war effort to put it in, I think some of the papers would feel there is no need to put it in.

If, on the other hand, it is helpful, they would.

Mr. COOPER. Well, I am just trying to get light and information on these provisions of the bill itself that is now before us. It makes a division on the population point of 10,000, for cities and towns of the country. Half of the money is to go to newspapers published in cities and towns of less than 10,000, and half of it to go to newspapers published in cities and towns of more than 10,000 population.

Now, just as an illustration, try to help me get an understanding of the problem, and to get more light and information on it, take the case of Mr. Eberharter's city of Pittsburgh, Pa.

Now, as I understood Mr. Eck to say yesterday, there are 18 of these community newspapers published in that 1 city. Well, now, whatever the number, if 12, 15, or 18, or whatever it is, assume for discussion that it is 18, 18 of these community newspapers published in the city of Pittsburgh.

Now, that would correspond, probably, with newspapers published in 18 different counties in rural sections of the country, assuming that each county had 1 weekly newspaper, so that that 1 city has the opportunity of getting as much of this fund as 18 counties in some rural section of the country.

So I am just wondering what your view would be on that.

Mr. PILLEN. Well, looking at my list, I find, for instance, that there are only 10 or 12 with circulations under 10,000, but those 10 or 12 are all in small cities. They are not communities within a larger city.

Mr. COOPER. You mean 10 or 12 community newspapers?

Mr. PILLEN. Yes; 10 or 12 newspapers in small cities which have circulations under 10,000.

Mr. COOPER. I know, but the point is, Mr. Pillen, it is not a question of the circulation of the paper.

Mr. PILLEN. No; I know.

Mr. COOPER. That is not the criterion set out here. It is the population of the town or city where the paper is published.

Mr. PILLEN. That is right. But looking at my list I find only about 12 of them have circulations—and since they never go outside of the community they are always within it. Now, my papers, like the Scoop, and so on, of Cleveland, all run over 10,000. For instance, the West Side News is 82,000.

Mr. COOPER. That is one of the community newspapers published in the city of Cleveland.

Mr. PILLEN. That is right.

Mr. COOPER. Now, that type—

Mr. PILLEN. That type always runs over 10,000.

Mr. COOPER. But Cleveland has a population of more than 10,000 for the city.

Mr. PILLEN. That is right.

Mr. COOPER. So this is not related to the circulation of the newspaper. It is determined by the population of the city or town where the newspaper is published.

Mr. EBERHARTER. Will you yield, Mr. Cooper?

Mr. COOPER. Yes.

Mr. EBERHARTER. I do not think that is quite true because in the sections mentioned it uses the word "community."

Now, if the community which the paper serves is of a population of say 10,000, or more than 10,000, that would be the measure of division, because in each instance the bill not only mentions cities and towns but mentions communities.

Mr. COOPER. Well, now, do you think that word "community" used in the sense as applied here would take care of these community newspapers?

Mr. EBERHARTER. I certainly think it would. I think, for instance, one of these newspapers the gentleman has mentioned there, take the Pontiac News, for instance; well, now, the Pontiac section of Detroit is a community.

Now, if that community is more than 10,000 it would come within the category. If that community is less than 10,000 it would come within less than 10,000 community.

Mr. COOPER. Well, I am only seeking light and information.

Mr. EBERHARTER. That is my interpretation of the bill.

Mr. COOPER. I am only seeking light and information.

Now, these so-called communities of the various cities of the country, are they bounded by streets, or some way, to designate a particular community?

Mr. PILLEN. They are well-established division lines. Usually the post office can tell you exactly what is in one community and what is not.

Mr. COOPER. Do you think then this term "community" used as it is in this bill would take care of the situation that you have in mind?

Mr. PILLEN. I have not looked at it with that critical thought in mind, but we have always been known as communities, and therefore in every other sense we have felt that the word "community" does sufficiently describe it.

Mr. COOPER. Well, I was only wanting information on that. You certainly know more about this community newspaper business than I do.

Mr. PILLEN. The phrase "community newspaper" is a well-known expression within the industry, and I have no doubt but what the industry understands what the community newspaper is.

Mr. COOPER. I know, but this bill places a mandatory duty and obligation upon the Secretary of the Treasury to distribute this advertising to all the newspapers throughout the country.

Now, I am just wondering how much difficulty of administration might be involved. He has got to see to it that half of this money

goes to towns of less than 10,000 population and half of it goes to towns of more than 10,000 population.

Now, that is required of him by law. He has got to divide this money in that way, and I just wonder how much difficulty it would involve. The bill does not provide when the 10,000 population applies, whether it was 1940 census, or whether it is today. Well, everybody knows that populations have changed since 1940, and I am just wondering how difficult of administration it might be with this requirement that half of the money must be used for advertising in newspapers published in towns of less than 10,000, and half of the money used in advertising in newspapers published in towns of more than 10,000.

Mr. PILLEN. I can see a great many difficulties in the administration of the act, some in addition to those that you have mentioned, but I think that if a measure is desired, I think there is one available and up to date, and that is the registration of persons under rationing. Everyone has been required to secure a book for his food, and therefore every community knows exactly how many people applied for ration books in that area.

I know that there are exceptions, but I think as a whole everyone has ration books.

Mr. COOPER. The great majority probably have, but some have not.

Mr. PILLEN. Even in the census taking probably some were missed, because they were in transit.

Mr. CARLSON. Mr. Chairman.

The CHAIRMAN. Mr. Carlson.

Mr. CARLSON. Just following along Mr. Cooper's suggestion, you represent, I understand, 74 of these community newspapers.

Mr. PILLEN. Yes, sir.

Mr. CARLSON. Have you any information as to the number there are in the United States?

Mr. PILLEN. These papers are listed in Ayer's Newspaper Directory. While not all of them are listed, a great many of them are, and I understand that there are at least 500 listed in Ayer's.

Usually you will note the distinction; a paid circulation newspaper is given an A. B. C. rating, which means its circulation is checked by the Audit Bureau of Circulations; a controlled circulation newspaper is audited and checked by C. C. A. Controlled Circulation Audit.

Mr. CARLSON. I just wondered if you drew a line between what you call a community newspaper and the shopping news that appears in many towns. Small towns have shopping news. Is there a differential there?

Mr. PILLEN. Yes, sir; there is the San Francisco Shopping News which devoted an entire issue to the War bond sales. It contributed its first page to the War loan drive, and then every advertisement in it, because it was an effort to get the thing started, instead of advertising the products, advertised War bonds.

Mr. CARLSON. I want to ask you this question. In my home town we have a mimeographed weekly shopping news distributed by hand. Would you include that?

Mr. PILLEN. I do not represent any mimeographed editions. All of ours are on newspaper format. It is entirely possible—you see, no paper of this kind could be in existence today unless it existed in

1941, because newsprint is rationed and is determined by newsprint used in 1941. Therefore, if you were not in existence then, you would not have a basis for being in existence today.

Mr. CARLSON. I see there is merit to your suggestion that it might not be a limit to where we could go.

Mr. PILLEN. I would suggest the words "newspaper format" be used. No one could misunderstand that, and put out a ditto copy and call it a newspaper.

Mr. CARLSON. That is all.

Mr. EBERHARTER. Mr. Chairman.

The CHAIRMAN. Mr. Eberharter.

Mr. EBERHARTER. Mr. Chairman, I first want to say that in my particular area there in the Pittsburgh metropolitan district, the boundaries of various sections of the city are rather loosely drawn, and for illustration I might say that perhaps if you gentlemen will think of your largest town in your congressional district, we might say the downtown section, the residential section, the suburban section, or something like that, in which the boundaries are not strictly outlined, that would be quite a difficult administrative problem, because one section and community merges into the other, and it would be a very difficult administrative problem.

But now, Mr. Pillen, these community newspapers, they are published under the theory, as I understand it, that they will print news and items of particular and special local interest to the community to which they direct their appeal.

Mr. PILLEN. That is right.

Mr. EBERHARTER. And you think that they are perhaps as well read as a metropolitan newspaper in a big city by the housewife and by the families?

Mr. PILLEN. We find from checks—and we do make these checks—that we have more definite reader response than any other type of circulation.

You have this advantage, too, that for instance if you want to get some material before the city of Washington, and you want to rely only on daily newspapers, you have got to buy space in at least four papers. You have got to take in the News, the Herald, the Post, and the Star; otherwise the fellow who buys the Star and does not get the Post would not get something that is in the Post.

By delivering to every community in Washington, the advertiser by buying an insert in our one paper, gets to every home in the city.

Mr. EBERHARTER. Well, just along that line, I know over in the county of Arlington, I think there are two newspapers published, and most of the people in Arlington County, I feel take one of the Washington metropolitan newspapers, and they also take the Arlington local community sheet.

Mr. PILLEN. That is right.

Mr. EBERHARTER. So that same thing would apply to these community papers in any large cities.

Mr. PILLEN. That is true of the large cities.

Mr. EBERHARTER. Do these community newspapers take part in these special drives on behalf of the Government?

Mr. PILLEN. Very definitely.

Mr. EBERHARTER. Do you know whether or not they have in some instances quotas for scrap drives and bond drives and things like that?

Mr. PILLEN. Well, I do not know whether they have quotas as such for the community, but for instance here is the Springfield Shopping News. In reporting to the Treasury Department, they call attention that they carried 54,795 lines of advertising, their carrier boys sold 265 bonds totaling \$36,050, and the rest is copy of the material they carried in that particular drive.

Mr. EBERHARTER. Do you represent any foreign language newspaper?

Mr. PILLEN. No, sir.

Mr. EBERHARTER. They would come within the benefits of this act also?

Mr. PILLEN. I believe so, yes; as I understand it, they would.

Mr. EBERHARTER. You have not drawn an amendment for the consideration of the committee which would take care of it?

Mr. PILLEN. The only change I would suggest would be to strike out the phrase "subject to second class mailing privilege". If that were stricken and you define the newspaper as Mr. Anderson suggested, it would cover all the community newspapers, as I see it, although I have not had a chance to read his definition. I just heard it.

Mr. EBERHARTER. Thank you very much.

Mr. WASIELEWSKI. Mr. Chairman.

The CHAIRMAN. Mr. Wasielewski.

Mr. WASIELEWSKI. About how many community newspapers are there throughout the country that do not come within the second class postal regulation?

Mr. PILLEN. I do not know. I do not know that anyone knows that. I would say it runs many thousands, probably. There are only about 500 listed in Ayer's Directory, but probably many are not listed.

Mr. WASIELEWSKI. According to a statement made to the committee here yesterday there are about 10,000 weekly and semiweekly newspapers throughout the country, and there are roughly about 1,500 daily newspapers; is that right?

Mr. PILLEN. I understand that is about right.

Mr. WASIELEWSKI. If you were to have an equal distribution of these funds; one-half to daily newspapers and one-half to the weekly papers, the weekly newspapers would average about \$1,500 each without taking into account their circulation or the size of the community in which they originate, and the daily newspapers about \$10,000 apiece. That is quite a bit of money; is it not?

Mr. PILLEN. Well, it does sound like a lot of money.

Mr. WASIELEWSKI. Thank you.

The CHAIRMAN. Thank you.

According to the calendar furnished the chairman by the clerk there is just one more witness, Dr. Brown.

The chairman would like to inquire if there are any other persons here who are not on the calendar, who have not been heard, and who would like to be heard. Please stand up so we can know whether or not we can conclude before the noon recess.

The next and last witness as far as the Chairman knows is Dr. Edgar G. Brown, National Negro Council.

Come around and identify yourself, Dr. Brown, and give your name and address.

STATEMENT OF EDGAR G. BROWN, DIRECTOR, NATIONAL NEGRO COUNCIL

Mr. BROWN. Edgar G. Brown, director, National Negro Council, president of the United Government Employees.

Mr. Chairman and members of the committee, I would like to speak particularly about H. R. 3693.

I would like to first say, however—

The CHAIRMAN. A little louder, please.

Mr. BROWN. We are well pleased, Mr. Chairman, with the recent action of your committee in not levying any additional taxes upon the American people and I am particularly speaking for the colored people, and I hope the Senate follows your wisdom.

I believe Congressman Cooper has raised a very fundamental question about the distribution of these funds which I will come back to in a moment.

Specifically I would like to call your attention to page 2 of H. R. 3693. Mr. Chairman, I would like to ask permission to include a list of all the Negro newspapers, magazines, and monthlies, some three-hundred-odd, from the United States census tabulation.

The CHAIRMAN. Without objection.

(The above mentioned data is as follows :)

NEGRO NEWSPAPERS AND PERIODICALS IN THE UNITED STATES, 1940

[From Negro Statistical Bulletin No. 1, Washington, D. C., May 1941]

This issue of Negro Newspapers and Periodicals contains the names and addresses of 339 newspapers, magazines, and bulletins published in the United States by Negroes.

Reports covering the year 1940 disclose that 155 of the listed newspapers had a total circulation of 1,276,600. Eighteen newspapers published in the Middle Atlantic States reported a combined circulation per issue of 311,700 or 24.4 percent of the total circulation reported by 155 newspapers, and 40 newspapers published in the South Atlantic States made returns for a combined circulation per issue of 280,200 or 21.9 percent of the total circulation reported.

From 1939 to 1940 the total circulation per issue of 117 newspapers increased 23,200, or from 1,100,000 to 1,123,200. Increases were reported by newspapers published in the West North Central, South Atlantic, East South Central, West South Central, and Pacific States.

Combined circulation of Negro newspapers, 1940; and combined circulation of identical Negro newspapers 1939 and 1940, by geographic divisions

Geographic divisions	Number		Combined circulation per issue	Identical newspapers 1940 and 1939		
	Operating	Report-ing circu-lation		Num-ber	Com-bined circulation per issue	Circula-tion in-crease (+) or de-increase (-)
United States total	210	155	1,276,600	117	1,123,200	1,100,000
New England.....	2	1	9,000	15	279,600	345,400
Middle Atlantic.....	24	18	311,700	15	279,600	-65,800
East North Central.....	32	25	222,200	17	200,200	-7,600
West North Central.....	21	15	89,500	12	86,000	53,500
South Atlantic.....	51	40	280,200	31	251,000	228,300
West South Central.....	34	22	134,500	19	119,400	111,200
West South Central.....	34	22	131,800	15	113,800	95,600
Mountain.....	3	3	5,600	1	1,100	1,100
Pacific.....	9	9	92,100	7	72,100	57,100

According to the returns, 72 newspapers employed in selected departments on December 31, 1940, 743 persons, distributed as follows: Advertising, 134; circulation, 136; editorial, 152; mechanical or production, 195; and office and clerical, 126. The newspapers which reported employees had an average combined monthly pay roll of \$68,979.

Of the 129 listed Negro magazines and bulletins, 46 or 35.7 percent were religious publications. The combined circulation of 27 religious publications was 524,700 and represented 74.6 percent of the total circulation (703,600 per issue) of the 78 magazines and bulletins which supplied circulation figures.

Combined circulation of Negro periodicals, 1940

Class	Number operating	Number and circulation of reporting periodicals	
		Number	Circulation
United States total	129	78	703,600
Advertising, business and trade			
Collegiate	12	4	2,900
Educational	6	4	3,000
Fraternal	29	20	90,700
General	16	12	38,000
Health, medical and scientific	8	2	10,000
Pictorial and theatrical	5	5	10,300
Religious	4	2	22,000
Miscellaneous	46	27	524,700
	3	2	2,000

In 1940 Negro newspapers were served by not fewer than 17 news-gathering agencies. Presented in the table below are figures showing the number and combined circulation of newspapers served by each of the 13 agencies which supplied the required information:

Negro news-gathering agencies, 1940

Designation ¹	Papers subscr- bing	Combined circulation per issue	Designation ¹	Papers subscr- bing	Combined circulation per issue
A	² 225	1,900,200	H	20	50,000
B	135	675,000	I	10	250,000
C	68	400,000	J	10	250,000
D	50	500,000	K	8	20,000
E	35	100,000	L	4	220,000
F	28	200,000	M	3	12,000
G	28	250,000			

¹ Letters A, B, C, etc., are used to prevent disclosing the identity of any reporting agency.

² Includes 39 white newspapers and circulation figures for same.

NEWSPAPERS

Newspapers are issued weekly and are general in scope unless otherwise indicated.

ALABAMA

Birmingham:

Baptist Leader (religious), Alabama Baptist State Convention, 1621 North Fourth Avenue.

Birmingham World (semiweekly), 312 North Seventeenth Street.

Weekly Review, 416 North Seventeenth Street.

Mobile: Mobile Advocate, Mobile Baptist Sunlight Association and Auxiliaries, 559 St. Michael Street.

Montgomery: Alabama Tribune, 123½ Monroe Street.

Tuskegee Institute: Campus Digest (collegiate, biweekly).

ARKANSAS

Carlisle: Arkansas Baptist Flashlight (religious, semimonthly), Regular Arkansas Missionary Baptist Convention, Inc., Box 164.

Hot Springs: Crusader Journal, 501 Malvern Avenue.

Little Rock:

Arkansas State Press, 923 West Ninth Street.

Arkansas Survey-Journal, 810 West Ninth Street.

Arkansas World, 905½ Gaines Street.

Baptist Vanguard (religious, semimonthly), Consolidated Baptist State Convention, 1605 Bishop Street.

Pine Bluff: Negro Spokesman, Box 272.

CALIFORNIA

Los Angeles:

Afro-Tempo, 1166½ East Vernon.

California Eagle, 4075 South Central Avenue.

Los Angeles Sentinel, 1050 East Forty-third Place.

Neighborhood News (advertising, semiweekly), 4613½ South Central Avenue.

News Guardian, 2502 South Central Avenue.

Western Christian Recorder (religious, semimonthly), African Methodist Episcopal Church, 5213 Holmes Avenue.

Oakland: California Voice, 2624 San Pablo Avenue.

San Diego: San Diego Informer, 2739 Imperial Avenue.

COLORADO

Denver:

Colorado Statesman, 2710 Welton Street.

Denver Star, 1952 Arapahoe Street.

Pueblo: Western Ideal, 100 First Street.

DELAWARE

Dover: State College Lantern (collegiate, every 6 weeks), State college for colored students.

DISTRICT OF COLUMBIA

Washington:

Hilltop (collegiate, biweekly), Howard University.

Varsity (collegiate, semimonthly), Miner Teachers College.

Washington Afro-American, 1800 Eleventh Street NW.

Washington Eagle (fraternal, monthly), Independent Benevolent Protective Order of Elks of the World, 1915 Fourteenth Street NW.

Washington Tribune, 920 U Street NW.

FLORIDA

Jacksonville: Florida Tattler, 614 Broad Street.

Miami:

Miami Leader, 615 NW. Twenty-first Terrace.

Miami Times, 1112 NW. Third Avenue.

Miami Tropical Dispatch, 1013 NW. Second Avenue.

Orlando: Florida Sun-Mirror, 559 West Church Street.

Pensacola: Colored Citizen, P. O. Box 8253.

St. Petersburg: St. Petersburg World, 952½ South Second Avenue.

Tampa: Tampa Bulletin, 1416 Orange Avenue.

GEORGIA

Albany: Albany Enterprise, Union Aid Benevolence Society, 216 South Jackson Street.

Atlanta:

Atlanta Daily World (daily and weekly), 210 Auburn Avenue NE.

Atlanta Independent, Odd Fellows Hall.

Campus Mirror (collegiate, monthly), Spelman College, 665 Ella Street.

Georgia Baptist (religious, semimonthly), General Missionary Baptist Convention of Georgia, 239 Auburn Avenue NE.

Augusta: Echo, 915½ Gwinnett Street.
 Macon: Sunday School Worker (religious, bimonthly), 971 Fort Hill Street.
 Rome: Rome Enterprise (biweekly), 503 Branham Avenue.
 Savannah: Savannah Tribune, 1009 West Broad Street.

ILLINOIS

Chicago:
 Chicago (Sunday) Bee, 3655 South State Street.
 Chicago Defender, 3435 Indiana Avenue.
 Chicago Mirror, 6306 Rhodes Avenue.
 Chicago World, 118 East Thirty-fifth Street.
 Supreme Liberty Guardian (business, monthly), Supreme Liberty Life Insurance Co., 3501 South Parkway.
Springfield:
 Illinois Chronicle (business), 1210 South Sixteenth Street.
 Illinois Conservator, 725½ East Washington Street.

INDIANA

Evansville: Evansville Argus, 609 South Elliott Street.
 Indianapolis: Indianapolis Recorder, 518 Indiana Avenue.

IOWA

Des Moines:
 Iowa Bystander, 203 Seventh Street.
 Iowa Observer, 515 Mulberry Street.

KANSAS

Kansas City:
 Golden Eaglet, 2003 North Fifth Street.
 Peoples Elevator, 1029 Seminary Street.
 Plaindealer, 1612 North Fifth Street.

Topeka:
 Kansas American, Dunbar Hotel.
 Little Weekly, 523 North Kansas Street.

Wichita:
 Kansas Journal, 509 North Main Street.
 Negro Star (religious), Kansas Baptist State Convention, 1241 Wabash Avenue.

KENTUCKY

Hopkinsville: Globe Journal, 112 Eighth Street.

Louisville:
 American Baptist (religious), General Association of Kentucky Baptists, 930 West Walnut Street.
 Falls City News, 442 South Seventh Street.
 Kentucky Reporter, 1101 West Chestnut Street.
 Louisville Defender, 619 West Walnut Street.
 Louisville Leader, 930-932 West Walnut Street.

LOUISIANA

Donaldsonville: Monitor (fraternal, monthly), Grand Lodge K. and L. of H. of A., P. O. Drawer 591.
New Orleans:

Louisiana Weekly, 632 South Rampart Street.
 National Times, 4804 Calliope Street.
 New Orleans Sentinel, 2407 Third Street.

Shreveport:
 Shreveport Sun, 1002 Pierre Avenue.
 Shreveport World, 1051½ Texas Avenue.

MARYLAND

Baltimore: Afro-American, 628 North Eutaw Street.

MASSACHUSETTS

Boston:
 Boston Chronicle, 794 Tremont Street.
 Guardian, 56 Pemberton Square.

MICHIGAN

Detroit:
 Blade-Express, 1715 St. Antoine Street.
 Detroit Tribune, 2146 St. Antoine Street.
 Detroit World Echo, 10021 Jos. Campau Avenue.
 Hamtramck-North Detroit Echo, 10021 Jos. Campau Avenue.
 Michigan Chronicle, 268 Eliot Street.
Flint: Flint-Brownsville News,¹ 830 Pengree Street.
Lansing: Lansing State Echo, 1215 Williams Street.
Mount Clemens: Macomb County Echo, Route 4.

MINNESOTA

Minneapolis:
 Minneapolis Spokesman, 306 South Third Street.
 Twin City Leader, 248 South Fourth Avenue.
St. Paul: St. Paul Recorder, 305 North Chatsworth Street.

MISSISSIPPI

Coffeeville: Colored Messenger (religious), Coffeeville District African Methodist Episcopal Zion Church.
Greenville:
 Delta Leader, 703 Nelson Street.
 Southern Leader, 714½ Washington Street.
Jackson:
 Jackson Advocate.
 Mississippi Enterprise, 143 East Monument Street.
 Weekly Recorder, 523 Bloom Street.
Meridian: Weekly Echo (fraternal), Holbrook Benvolent Association, 2508 Fifth Street.
Mound Bayou: Southern Advocate.
Vicksburg: Advance-Dispatch, 1310 Farmer Street.

MISSOURI

Hannibal: Hannibal Register, 1228 Broadway.
Jefferson City: Lincoln University Clarion (collegiate, semimonthly), Lincoln University.
Kansas City: Call, 1715 East Eighteenth Street.
St. Louis:
 Pine Torch (fraternal), Pine Street Young Men's Christian Association, 2846 Pine Street.
 St. Louis American, 11 North Jefferson Avenue.
 St. Louis Argus, 2312 Market Street.

NEBRASKA

Omaha: Omaha Guide, 2420 Grant Street.

NEW JERSEY

Bordentown: Ironsides Echo (educational monthly), Manual Training School.
Newark:
 New Jersey Guardian, 129 West Market Street.
 New Jersey Herald-News,² 130 West Kinney Street.

NEW YORK

Buffalo:
 Buffalo Criterion, 367 William Street.
 Buffalo Spokesman, 295 Jefferson Avenue.
 Buffalo Star, 234 Broadway.
New York:
 New Sign, Harlem branch, Young Men's Christian Association, 180 West One Hundred and Thirty-fifth Street.
 New York Age, 230 West One Hundred and Thirty-fifth Street.
 New York Amsterdam-Star News, 2340 Eighth Avenue.

¹ Formerly Brownsville News.

² Formerly Newark Herald-News.

Rochester: Voice (bimonthly), 446 Clarissa Street.
 Syracuse: Progressive Herald (biweekly), 519 East Adam Street.

NORTH CAROLINA

Asheville:
 Record, P. O. Box 1149.
 Southern News, 279 Southside Avenue.
 Charlotte: Star of Zion (religious), African Methodist Episcopal Zion Church, 3298 Brevard Street.
 Durham: Carolina Times, 117 East Peabody Street.
 Greensboro: Greensboro Tribune, 803½ East Market Street.
 Hendersonville: Mountain News, P. O. Box 506.
 Raleigh:
 Carolina Tribune, 118 East Hargett Street.
 Shaw University Journal (collegiate, at intervals), Shaw University.
 Roxboro: Roxboro News, 125½ Depot Street.
 Wilmington: Cape Fear Journal, 412 South Seventh Street.

OHIO

Cincinnati: Union, 238 East Fourth Street.
 Cleveland:
 Cleveland Call and Post, 2319 East Fifty-fifth Street.
 Cleveland Guide, 2279 East Ninetieth Street.
 Cleveland Herald, 6328 Cedar Avenue.
 Gazette, 2322 East Thirtieth Street.
 Columbus: Ohio State News, 867 Mount Vernon Avenue.
 Dayton:
 Cincinnati Forum, 414 West Fifth Street.
 Dayton Forum, 414 West Fifth Street.
 Toledo: Toledo Press, 943 Howard Street.
 Youngstown: Buckeye Review, 423 Oak Hill.

OKLAHOMA

Muskogee: Oklahoma Independent, 325 North Second Street.
 Oklahoma City:
 Black Dispatch, 324 Northeast Second Street.
 Oklahoma Defender (religious), 500 North Rhode Island Avenue.
 Okmulgee: Okmulgee Observer, Macedonia Burial Association, 411 East Fifth Street.
 Tulsa:
 Appeal, 419 North Greenwood Street.
 Oklahoma Eagle, 123 North Greenwood Street.

PENNSYLVANIA

Cheyney: Cheyney Record (collegiate, monthly), State Teachers College.
 Downingtown: Downingtown Bulletin (educational, monthly), Downingtown Industrial School.
 Lincoln University: Lincolnian (collegiate, semimonthly).
 Philadelphia:
 Christian Recorder (religious), African Methodist Episcopal Church, 716 South Nineteenth Street.
 Christian Review (religious), 1428 Lombard Street.
 Philadelphia Afro-American, 704 South Broad Street.
 Philadelphia Independent, 1708 Lombard Street.
 Philadelphia Tribune, 524-526 South Sixteenth Street.
 Picture News Weekly (advertising), 24 North Fifty-ninth Street.
 Pittsburgh:
 Pittsburgh Courier, 2628 Centre Avenue.
 Pittsburgh Examiner, 532 Francis Street.
 Triangle Advocate (religious), Box 4780, East Liberty Station.
 Uniontown: Courier-Digest, 213 East Main Street.

SOUTH CAROLINA

Charleston:
 Charleston Messenger (semimonthly), Jenkins Orphanage, P. O. Box 851.
 Lighthouse and Informer, 54 Line Street.

Columbia: Palmetto Leader, 1310 Assembly Street.
 Darlington: Union (religious, monthly), Baptist Educational and Missionary Convention of South Carolina, Box 272.
 Sumter: Samaritan Herald, 16½ West Liberty Street.

TENNESSEE

Jackson:
 Christian Index (religious), Colored Methodist Episcopal Church, 109 Shannon Street.
 Jackson Times (business biweekly), 116 West Lafayette Street.
 Knoxville:
 East Tennessee News, 202 East Vine Avenue.
 Flashlight Herald, College Street.
 Memphis:
 Memphis World (semiweekly), 390½ Beale Avenue.
 Whole Truth (religious, monthly), Church of God in Christ, 820 North Montgomery Street.
 Nashville:
 Clarion, 410 Gay Street.
 Modern Farmer (agricultural, monthly), National Federation of Colored Farmers, 447 North Fourth Avenue.
 Nashville Defender (religious and general), 414 South Eighth Avenue.
 Nashville Globe and Independent, 447 North Fourth Avenue.
 National Baptist Union-Review (religious), National Baptist Convention of America, 523 North Second Avenue.
 National Baptist Voice, 412 North Fourth Avenue.

TEXAS

Beaumont: Industrial Era, 1075 Gladys Street.
 Dallas:
 Dallas Express, 814½ Good Street.
 Western Index (religious, semimonthly), Colored Methodist Episcopal Church, 2621 Flora Street.
 Fort Worth:
 Fort Worth Eagle Eye, 311 East Ninth Street.
 Fort Worth Mind, 915½ Calhoun Street.
 Houston:
 Dallas Informer, 2418 Leeland Avenue.
 Houston Defender, 1423 West Dallas Avenue.
 Informer, 2418 Leeland Avenue.
 Negro Labor News, Texas Negro Business and Laboring Men's Association, 419½ Milam Street.
 Marshall: Campus Lens (collegiate, semimonthly), Wiley College.
 Mineral Wells: National Negro Retailers Journal (advertising, business, semi-monthly), Box 541.
 Prairie View: Prairie View Standard (educational, monthly), Prairie View State College.
 San Antonio:
 San Antonio Guard (advertising), 809 Virginia Boulevard.
 San Antonio Register, 207 North Centre Street.
 Waco: Waco Messenger, 109 Bridge Street.

VIRGINIA

Hampton: Hampton Script (collegiate, biweekly), Hampton Institute.
 Norfolk: Journal and Guide, 719 East Olney Road.
 Petersburg: Virginia Statesman (collegiate, biweekly), Virginia State College.
 Richmond:
 Panther (collegiate, semimonthly), Virginia Union University.
 Richmond Afro-American, 210 East Clay Street.

WASHINGTON

Seattle: Northwest Enterprise, Box 1873.

WEST VIRGINIA

Bluefield: Bluefieldian (collegiate, monthly), Bluefield State Teachers College.
 Charleston: West Virginia Digest, 910 East Washington Street.

Institute: Yellow Jacket (collegiate, semimonthly), West Virginia State College, Box 175.
 Keystone: McDowell Times, 9 Main Street.

WISCONSIN

Milwaukee: Wisconsin Enterprise-Blade, 1878 North Ninth Street.

MAGAZINES AND BULLETINS

(Issued monthly unless otherwise indicated)

ALABAMA

Talladega: Talladega Student (collegiate), Talladega College.
 Tuskegee Institute: Service (educational), Tuskegee Institute and National Negro Business League.

CALIFORNIA

Los Angeles: Silhouette Pictorial Magazine (pictorial), 655 North Broadway.

COLORADO

Denver: Woodmen Banner (fraternal, quarterly), Supreme Camp of the American Woodmen, 2130 Downing Street.

DISTRICT OF COLUMBIA

Washington:
 Aframerican Woman's Journal (educational, quarterly) 2017 Eleventh Street, NW.
 Barrister (educational, monthly, 9 months a year), 1922 Thirteenth Street NW.
 Gaily News (theatrical, weekly), 1215 U Street NW.
 Iota Phi Lambda Journal (fraternal, semiannual), Iota Phi Lambda Sorority, 539 Florida Avenue NW.
 Journal, National Association of College Women (educational, annual) with supplements, 2645 Fifteenth Street, NW.
 Journal of Negro Education (educational, quarterly), Howard University.
 Journal of Negro History (scientific, quarterly), Association for the Study of Negro Life and History, Inc., 1538 Ninth Street NW.
 Kodesh Herald (religious), Kodesh Church of Emmanuel, 1509 S Street NW.
 Lott Carey Herald (religious, bimonthly), Lott Carey Baptist Foreign Mission Convention, 1501 Eleventh Street NW.
 National Negro Health News (health, quarterly), Office of Negro Health Work, United States Public Health Service.
 Negro History Bulletin (educational), Association for the Study of Negro Life and History, Inc., 1538 Ninth Street NW.
 Nite Life (advertising weekly), 2004 Georgia Avenue NW.
 Omega Bulletin (fraternal, quarterly), Omega Psi Phi Fraternity, 920 U Street NW.
 Oracle (fraternal, quarterly), Omega Psi Phi Fraternity, 920 U Street NW.
 Progressive Consumer Magazine (business), 2529 Georgia Avenue NW.
 Voice (religious, quarterly), New Federated Colored Catholics of America, 1727 Thirteenth Street NW.
 Women's Voice (political), 2003 Twelfth Street NW.

FLORIDA

Daytona Beach: Advocate (collegiate, bimonthly), Bethune-Cookman College.
 Orlando: Leesburg Herald, 800 Dunbar Court.

GEORGIA

Atlanta:
 Foundation (religious, quarterly), Gammon Theological Seminary.
 Maroon Tiger (collegiate), Morehouse College.
 Morehouse Alumnus (educational, quarterly), Morehouse College.
 Phylon (scientific, quarterly), Atlanta University.
 Spelman Messenger (educational, quarterly), Spelman College.

Augusta:

Paineite (collegiate), Paine College.
 Pilgrim's Progress (business weekly), Pilgrim Health & Life Insurance Co., 1143 Gwinnett Street.

ILLINOIS

Chicago:
 Co-Operation (fraternal), Prince Hall Grand Lodge, Free and Accepted Masons, 3506 Indiana Avenue.
 Railroad News (general), 6306 Rhodes Avenue.
 Southside Amusement and Shoppers Guide (advertising), 6306 Rhodes Avenue.
 Woman's National Magazine (educational), 4557 Michigan Avenue.

KENTUCKY

Louisville:
 Kentucky Negro Education Association Journal (educational, semimonthly), Kentucky Negro Education Association, 1925 West Madison Street.

LOUISIANA

New Orleans: Sepia Socialite (general), Louisiana Insurance Co. Building.

MARYLAND

Baltimore:
 Colored Harvest (religious, bimonthly), St. Joseph's Society of the Sacred Heart, 1130 North Calvert Street.
 Morgan State College Bulletin (educational), Hillen Road and Arlington Avenue.

MASSACHUSETTS

Boston: Trade Association News (business weekly), Greater Boston Negro Trade Association, 97 Camden Street.

MISSISSIPPI

Bay St. Louis: St. Augustine's Messenger (religious), St. Augustine's Seminary.

MISSOURI

Bunceton: State Parent Teachers' Association Bulletin (educational, 3 times a year), Missouri Congress of Colored Parents and Teachers.
 St. Louis: Postal Alliance (fraternal), National Alliance of Postal Employees, 2629 South Compton Avenue.

NEW JERSEY

Atlantic City: Apex News (general, quarterly), 1726 Arctic Avenue.
 Paterson: African Methodist Episcopal Zion Quarterly Review (religious, quarterly), African Methodist Episcopal Zion Church, 326 Ellison Street.

NEW YORK

New York:
 Caterer and Guide (fraternal, quarterly), 413 West One Hundred and Forty-seventh Street.
 Crescent (fraternal, quarterly), Phi Beta Sigma Fraternity, 401 Edgecombe Avenue.
 Crisis (educational), National Association for the Advancement of Colored People, 69 Fifth Avenue.
 Eastern Index (religious), 218 West One Hundred and Thirtieth Street.
 Harlem Block News (business), Mid-Harlem Business Association, 205 West One Hundred and Thirty-fifth Street.
 Harlem Digest (general), Colonel Young Memorial Foundation, Inc., 27 East One Hundred and Thirty-third Street.
 Howard Medical News (medical, quarterly), 2376 Seventh Avenue.
 Interracial Review (educational), Catholic Interracial Council, 20 Vesey Street.
 Journal of the National Medical Association (medical, bimonthly), National Medical Association, 30 Rockefeller Plaza.
 National News Bulletin (educational, quarterly), National Association of Colored Graduate Nurses, 1790 Broadway.

New York—Continued.

Negro World Digest (general), 1 West One Hundred and Twenty-fifth Street.
 Opportunity, Journal of Negro Life (educational), National Urban League, 1133 Broadway.
 Voice of Missions (religious), home and foreign missionary department, African Methodist Episcopal Church, 112 West One Hundred and Twentieth Street.

NORTH CAROLINA

Charlotte:

Johnson C. Smith University Bulletin (educational, bimonthly), Johnson C. Smith University.
 New Advance (religious, semimonthly), Board of National Missions, Presbyterian Church, United States of America, 621 Carmel Street.
 Quarterly Review of Higher Education Among Negroes (educational, quarterly), Johnson C. Smith University.
 Durham: Whetstone (business, quarterly), North Carolina Mutual Life Insurance Co., Box 201.
 Raleigh: Archon (fraternal), Zeta Phi Beta Sorority, 1 Dare Street.

OHIO

Cleveland: Cedar Young Men's Christian Association Informer (educational, weekly), Cedar Young Men's Christian Association, 7615 Cedar Avenue.
 Columbus: Negro Writer and Literary Review (literary), National Negro Writers Guild, 1137 Atcheson Street.
 Oxford: National Negro Printer and Publisher (trade), 12 Park Place.
 Wilberforce:
 Boule Journal (fraternal, 3 times a year), Sigma Pi Phi Fraternity, Box 31.
 Wilberforce University Quarterly (educational, quarterly).

PENNSYLVANIA

Philadelphia:
 African Methodist Episcopal Church Review (religious, quarterly), African Methodist Episcopal Church, 716 South Nineteenth Street.
 Journal of Religious Education (religious), 716 South Nineteenth Street.
 Kappa Alpha Psi Journal (fraternal), Kappa Alpha Psi Fraternity, 1504 Catherine Street.
 Mission Herald (religious, bimonthly), foreign mission board of the National Baptist Convention, Inc., 701 South Nineteenth Street.
 Negro American, Club and Fraternal Magazine (fraternal), 1708 Beechwood Street.
 Political Digest (political, daily, 4 months in year), 24 North Fifty-ninth Street.
 Young People's Willing Worker Quarterly (religious, quarterly), Church of God in Christ, 5617 West Girard Avenue.
 Pittsburgh:
 Advance (educational, semimonthly), Centre Avenue branch, Young Men's Christian Association, 2621 Centre Avenue.
 Beauty Mart (pictorial, quarterly), 801 Bryn Mawr Road.
 Holy Cross Church News (religious, semimonthly), Holy Cross Episcopal Church, 2601 Centre Avenue.
 Informer (educational), Urban League of Pittsburgh, 1300 Fifth Avenue.
 Negro Business Magazine (business), P. O. Box 913.

RHODE ISLAND

Providence: Advance (general), 157 Waldo Street.

TENNESSEE

Jackson: Bible Band Topic (religious, quarterly), Church of God in Christ, 130 Madison Street.
 Knoxville: Aurora (educational, biweekly), Knoxville College.
 Loudon: Cumberland Flag (religious), Colored Cumberland Presbyterian Church, 206 Ferry Street.
 Memphis:
 LeMoyneite (educational, quarterly), LeMoyne College.
 Sphinx (fraternal, 8 times a year), Alpha Phi Alpha Fraternity, Inc., 390½ Beale Avenue.
 Torch Magazine (general), 514 Beale Avenue.

Nashville:

Abdemelch and Debbora (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Adult Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Advanced (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Advanced Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 American Negro Mind (general), 419 North Fourth Avenue, suite 210.
 Beginners (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Beginners Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Broadcaster (educational, quarterly), Tennessee Negro Education Association, Agricultural and Industrial State College.
 Bulletin (collegiate), Tennessee Agricultural and Industrial State College, Agricultural and Industrial State College.
 Christian Plea (religious), National Christian Missionary Convention, 449 North Fourth Avenue.
 Cradle Roll Director (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Fisk Herald (college, 5 times a year), Fisk University.
 Fisk News (educational), General Alumni Association, Fisk University.
 Home Department Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Home Study Course Magazine (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Hope Magazine (religious), National Baptist Convention of America, 523 North Second Avenue.
 Intermediate (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Intermediate Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Junior (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Junior Baptist Young Peoples Union Magazine (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Junior Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Message Magazine (religious, quarterly), Seventh-day Adventist General Conference, 2119-2125 North Twenty-fourth Avenue.
 Metoka and Galeda Magazine (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 National Gospel Digest (religious, quarterly), 419 North Fourth Avenue, suit 210.
 Prayer Meeting Builder (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Primary (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Primary Quarterly (religious), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Senior (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Senior Baptist Young People's Union Magazine (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.
 Senior Quarterly (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Star of Hope (religious), National Baptist Convention, United States of America (Women's Department), Fourth Avenue at Cedar Street.
 Sunday School Informer (religious), National Baptist Convention, United States of America, Inc., 412 North Fourth Avenue.
 Sunday School Teacher (religious, quarterly), Sunday School Publishing Board, Fourth Avenue at Cedar Street.
 Teacher (religious, quarterly), National Baptist Convention of America, 523 North Second Avenue.

TEXAS

Forth Worth: Monitor (fraternity, quarterly), True People of America, 413 East Ninth Street.
Marshall: Wiley Reporter (educational, quarterly).

VIRGINIA

Petersburg: Ivy Leaf (fraternity, quarterly), Alpha Kappa Alpha Sorority, Virginia State College.
Richmond:
National Negro Insurance Association Service Bulletin (business, quarterly), 214 East Clay Street.
Progress Record (educational, quarterly), Negro Organization Society, 214 East Clay Street.
Richmond Gaily News (theatrical, weekly), 416 Brook Avenue.
St. Luke Fraternal Bulletin (fraternal), Independent Order of St. Luke, 900 St. James Street.
Virginia Union Bulletin (educational, 6 times a year), Virginia Union University.
Weekly Bulletin (business, weekly), Virginia Mutual Benefit Life Insurance Co., 214 East Clay Street.

WASHINGTON

Seattle: Northwest Bulletin (advertising, semimonthly), 420 Maynard Avenue.

NEGRO NEWS-GATHERING AGENCIES

Associated Negro Press (semiweekly telegraphic from Washington bureau), 3507 South Parkway, Chicago, Ill.
Associated Publishers (weekly), 118 East Hargett Street, Raleigh, N. C.
Atlantic News Service (daily for South Carolina, and weekly), 913 Oak Street, Columbia, S. C.
Calvin's Newspaper Service (weekly and frequently semiweekly), 321 West One Hundred and Twenty-fifth Street, New York, N. Y.
Continental Press (periodically), 2703 East Twenty-second Street, Kansas City, Mo.
Crusader News Agency (weekly), 33 West One Hundred and Twenty-fifth Street, New York, N. Y.
Great Eastern News Syndicate (weekly), 180 West One Hundred and Thirty-fifth Street, New York, N. Y.
National Negro Features (weekly), 478 West One Hundred and Fifty-ninth Street, New York, N. Y.
Negro Business Institute (weekly), 1903 Seventh Street, NW, Washington, D. C.
Negro Labor News Service (weekly), 312 West One Hundred and Twenty-fifth Street, New York, N. Y.
Negro News Service (weekly), 3612 Elliot Avenue, Minneapolis, Minn.
Negro Press Bureau (weekly), 4225 Central Avenue, Los Angeles, Calif.
Progress News Service (weekly), 80 Wickliffe Street, Newark, N. J.
Sepia News Service (twice weekly), 825 West Walnut Street, Milwaukee, Wis.
TYP. News Syndicate (twice weekly), 141 West One Hundred and Twenty-fifth Street, New York, N. Y.
United News Co. (weekly), 6306 Rhodes Avenue, Chicago, Ill.
White Newspaper Syndicate (weekly), 10021 Jos. Campau Avenue, Detroit, Mich.

PUBLISHERS' REPRESENTATIVES

Edward A. Baker Advertising Agency, 457 Book Building, Detroit, Mich.
Interstate United Newspapers, Inc., 545 Fifth Avenue, New York, N. Y.
W. L. Vomack, Inc., 55 West Forty-second Street, New York, N. Y.
W. B. Ziff Co., 608 South Dearborn Street, Chicago, Ill.
First Novel Syndicate Co. (weekly), 419 North Fourth Avenue, suite 210, Nashville, Tenn.

Cities of 100,000 or more inhabitants, ranked according to total nonwhite population,¹ 1940

Rank	City	Non-white population	Rank	City	Non-white population
1	New York, N. Y.	478,346	38	Oklahoma City, Okla.	*19,750
	Bronx Borough	25,068	39	Buffalo, N. Y.	*18,031
	Brooklyn Borough	110,620	40	Knoxville, Tenn.	*16,110
	Manhattan Borough	312,361	41	Tulsa, Okla.	*15,582
	Queens Borough	26,649	42	Toledo, Ohio	*15,010
	Richmond Borough	*3,648	43	Seattle, Wash.	*14,420
2	Chicago, Ill.	281,429	44	Youngstown, Ohio	*14,387
3	Philadelphia, Pa.	251,965	45	Oakland, Calif.	*14,371
4	Washington, D. C.	189,318	46	Wilmington, Del.	*14,249
5	Baltimore, Md.	166,567	47	Jersey City, N. J.	*13,737
6	Detroit, Mich.	150,477	48	Camden, N. J.	*12,791
7	New Orleans, La.	149,163	49	Omaha, Nebr.	*12,596
8	Memphis, Tenn.	121,003	50	Akron, Ohio	*12,007
9	St. Louis, Mo.	109,361	51	Milwaukee, Wis.	*9,307
10	Birmingham, Ala.	108,450	52	Providence, R. I.	*9,160
11	Atlanta, Ga.	104,154	53	Denver, Colo.	*8,906
12	Los Angeles, Calif.	96,094	54	Hartford, Conn.	*8,976
13	Houston, Tex.	86,164	55	Providence, R. I.	*6,885
14	Cleveland, Ohio	84,065	56	Flint, Mich.	*6,729
15	Pittsburgh, Pa.	63,051	57	Des Moines, Iowa	*6,691
16	Jacksonville, Fla.	61,349	58	New Haven, Conn.	*6,418
17	Richmond, Va.	61,278	59	Sacramento, Calif.	*6,288
18	Cincinnati, Ohio	56,959	60	San Diego, Calif.	*6,268
19	Indianapolis, Ind.	50,776	61	Portland, Oreg.	*6,100
20	Dallas, Tex.	49,951	62	Wichita, Kans.	*5,748
21	Nashville, Tenn.	47,275	63	Minneapolis, Minn.	*5,330
22	Louisville, Ky.	46,916	64	Elizabeth, N. J.	*5,184
23	Newark, N. J.	46,202	65	Cambridge, Mass.	*5,092
24	Norfolk, Va.	45,799	66	New Bedford, Mass.	*4,568
25	Kansas City, Mo.	41,862	67	Patterson, N. J.	*4,306
26	Miami, Fla.	36,710	68	St. Paul, Minn.	*4,148
27	Chattanooga, Tenn.	36,303	69	Yonkers, N. Y.	*4,147
28	Columbus, Ohio	35,251	70	Canton, Ohio	*4,040
29	San Francisco, Calif.	32,136	71	Bridgeport, Conn.	*3,884
30	Charlotte, N. C.	31,718	72	South Bend, Ind.	*3,560
31	Fort Worth, Tex.	25,224	73	Rochester, N. Y.	*3,389
32	Boston, Mass.	24,673	74	Springfield, Mass.	*3,212
33	Tampa, Fla.	23,344	75	Peoria, Ill.	*3,040
34	Kansas City, Kans.	20,940	76	Albany, N. Y.	*3,032
35	Gary, Ind.	20,357	77	Fort Wayne, Ind.	*2,832
36	San Antonio, Tex.	20,321	78	Grand Rapids, Mich.	*2,522
37	Dayton, Ohio	20,238	79	Syracuse, N. Y.	*2,412

¹ These figures for the nonwhite population (Negro, Indian, Japanese, Chinese, and other nonwhite races) are estimates based on a preliminary tabulation of a 5-percent cross-section of the 1940 census returns. Numbers of less than 20,000, indicated by an asterisk (*) are based on relatively small samples and are subject to error. This is particularly true of numbers less than 5,000, indicated by 2 asterisks (**). Since these are sample results, figures for the nonwhite population of cities of 100,000 or more inhabitants are not shown where any figure for either sex would be less than 1,000. Cities for which figures are not presented are: Duluth, Minn., Erie, Pa., Fall River, Mass., Long Beach, Calif., Lowell, Mass., Reading, Pa., Salt Lake City, Utah, Scranton, Pa., Somerville, Mass., Spokane, Wash., Tacoma, Wash., Utica, N. Y., Worcester, Mass.

Nonwhite population¹ by sex, for divisions and States, 1940 and 1930

[1940 data are estimates based on a preliminary tabulation of a 5-percent cross-section of the 1940 census returns. 1940 numbers less than 20,000, indicated by an asterisk (*), are based on relatively small samples and are subject to error. This is particularly true of numbers less than 5,000, indicated by 2 asterisks (**)]

Division and State	1940			1930			Percent increase, 1930 to 1940
	Total	Male	Female	Total	Male	Female	
United States.....	13,455,988	6,623,416	6,832,572	12,488,306	6,214,552	6,273,754	7.7
Geographic divisions:							
New England.....	107,510	54,844	52,666	101,121	52,123	48,998	6.3
Middle Atlantic.....	1,303,574	624,288	679,286	1,081,880	543,297	538,592	20.5
East North Central.....	1,094,403	538,039	556,364	961,205	495,301	465,904	13.9
West North Central.....	405,362	202,567	202,795	383,623	195,252	188,371	5.7
South Atlantic.....	4,731,805	2,327,017	2,404,788	4,443,614	2,168,782	2,274,852	6.5
East South Central.....	2,785,633	1,354,601	1,431,027	2,661,197	1,303,306	1,357,891	4.7
West South Central.....	2,495,460	1,221,140	1,274,320	2,380,853	1,176,208	1,204,645	4.8
Mountain.....	170,600	89,355	81,245	148,889	80,186	68,703	14.6
Pacific.....	361,641	211,560	150,081	325,915	200,117	125,798	11.0
New England:							
Maine.....	**2,650	**1,459	**1,200	2,238	1,222	1,016	**18.8
New Hampshire.....	**400	**220	**180	942	632	310	**-57.5
Vermont.....	**460	**220	**240	645	362	283	**-28.7
Massachusetts.....	59,369	30,524	28,845	56,622	29,416	27,206	4.9
Rhode Island.....	*11,501	*5,990	*5,611	10,471	5,226	5,245	*9.8
Connecticut.....	33,121	*16,431	*16,690	30,203	15,265	14,938	9.7
Middle Atlantic:							
New York.....	600,347	283,867	316,480	434,875	216,141	218,734	38.1
New Jersey.....	230,519	111,097	119,422	211,671	105,355	106,316	8.9
Pennsylvania.....	472,708	229,324	243,384	435,343	221,801	213,542	8.6
East North Central:							
Ohio.....	339,727	166,730	172,997	311,524	160,826	150,698	9.1
Indiana.....	121,161	61,852	59,309	112,725	57,624	55,101	7.5
Illinois.....	393,254	183,751	204,903	335,387	169,957	165,430	17.3
Michigan.....	215,934	107,913	108,021	178,818	94,741	84,077	20.8
Wisconsin.....	24,327	*12,793	*11,534	22,751	12,153	10,598	6.9
West North Central:							
Minnesota.....	23,268	*12,062	*11,176	21,354	11,393	9,961	9.0
Iowa.....	*18,245	*9,062	*9,183	18,202	9,524	8,738	*-1.
Missouri.....	245,620	121,239	124,381	225,491	113,188	112,303	8.9
North Dakota.....	*9,543	*4,882	*4,661	8,964	4,720	4,274	*6.1
South Dakota.....	24,279	*12,550	*11,129	22,580	11,598	10,982	7.5
Nebraska.....	*18,591	*9,526	*9,685	17,940	9,364	8,576	*3.6
Kansas.....	65,816	33,216	32,600	69,002	35,465	33,537	-4.6
South Atlantic:							
Delaware.....	35,724	*18,443	*17,281	32,662	17,033	15,629	9.4
Maryland.....	304,394	153,094	151,300	277,300	141,278	136,022	9.8
District of Columbia.....	189,318	90,145	99,173	132,888	62,880	70,028	42.5
Virginia.....	664,050	334,857	329,193	651,410	322,376	329,034	1.9
West Virginia.....	118,650	60,593	58,057	115,014	60,973	54,041	3.2
North Carolina.....	1,005,501	499,452	506,049	935,318	454,930	480,388	7.5
South Carolina.....	816,038	396,137	419,901	794,716	370,842	414,874	2.7
Georgia.....	1,085,081	519,953	565,128	1,071,485	513,708	557,777	1.3
Florida.....	513,049	254,343	258,708	432,821	216,762	217,059	18.5
East South Central:							
Kentucky.....	214,142	106,151	107,991	226,137	113,575	112,562	-5.3
Tennessee.....	504,347	246,242	258,105	477,912	232,745	245,167	5.5
Alabama.....	985,111	471,446	513,665	945,404	457,460	487,944	4.2
Mississippi.....	1,082,033	530,767	551,266	1,011,744	499,526	512,218	6.9
West South Central:							
Arkansas.....	483,700	241,361	242,339	479,167	237,334	241,833	.9
Louisiana.....	851,943	413,393	438,550	778,881	380,750	398,131	9.4
Oklahoma.....	230,902	112,958	117,944	265,262	133,830	131,432	-13.0
Texas.....	928,915	453,428	475,487	857,543	424,294	433,249	8.3
Mountain:							
Montana.....	*18,841	*10,632	*8,209	17,708	9,669	8,039	*6.4
Idaho.....	*5,489	**2,844	**2,645	6,192	3,486	2,706	*-11.4
Wyoming.....	*4,103	**2,302	**1,801	4,324	2,500	1,824	**-5.1
Colorado.....	*17,106	*9,083	*8,023	16,998	8,807	8,191	*.6
New Mexico.....	39,919	20,440	*19,479	32,222	16,699	15,523	23.9
Arizona.....	72,027	36,836	35,191	57,022	30,665	26,357	26.3
Utah.....	*6,790	*3,786	*3,004	7,880	4,715	3,165	*-13.8
Nevada.....	*6,325	**3,432	**2,893	6,543	3,645	2,894	*-3.3
Pacific:							
Washington.....	38,562	22,388	*16,174	41,735	24,991	16,744	-7.6
Oregon.....	*14,384	*8,650	*5,734	15,189	9,193	5,996	*-5.3
California.....	308,695	180,522	128,173	268,991	165,933	103,058	14.8

¹ Includes Negro, Indian, Japanese, Chinese, and other nonwhite races.

NEGRO NEWSPAPERS AND PERIODICALS IN THE UNITED STATES

(Supplemental list)

NEWSPAPERS

Arizona's Negro Journal, 167 South Mayer Street, Tucson, Ariz.
 The Los Angeles Tribune, 4215 South Central Avenue, Los Angeles, Calif.
 Wilmington Herald-Times, 810-812 French Street, Wilmington, Del.
 Mercury, 1106 Laurens Street, Baltimore, Md.
 National Negro News, 200 West One Hundred and Thirty-fifth Street, suite 204,
 New York, N. Y.
 The People's Voice, 210 West One Hundred and Twenty-fifth Street, New York,
 N. Y.

MAGAZINES AND BULLETINS

Cavalcade (educational), 514 Masonic Temple Building, Birmingham, Ala.
 Atlanta University Bulletin (collegiate), Atlanta University, Atlanta, Ga.
 Contact (educational), c/o 5440 Indiana Avenue, Chicago, Ill.
 American Negro Digest, 342 West Eleventh Street, Indianapolis, Ind.
 Xavier Herald (collegiate), Xavier University, New Orleans, La.
 National Bar Journal (educational), 2103A Market Street, St. Louis, Mo.
 Krinon (fraternal), 1264 Hamlin Street NE (tentative), Washington, D. C.
 National Association for the Advancement of Colored People Bulletin (educational), 63 Fifth Avenue, New York, N. Y.
 The Negro Quarterly (general), 1 West One Hundred and Twenty-fifth Street,
 New York, N. Y.
 The Challenge (general), 100 North Fourth Street, Columbus, Ohio.
 Magician Herald (collegiate), LeMoyne College, Memphis, Tenn.
 Negro Digest, 3507 South Parkway, Chicago, Ill.

NEGRO NEWS-GATHERING AGENCIES

Occidental News Bureau, 4268½ Central Avenue, Los Angeles, Calif.
 Prudential News Agency, 710 Florida Avenue NW, Washington, D. C.
 Independent Press Service, 48 West Forty-eighth Street, New York, N. Y.

Mr. BROWN. On page 2, line 12, I would like an additional provision, before the proviso, stating "that one-tenth of the total, which would be \$3,000,000, if you appropriate the full amount as originally suggested of \$30,000,000, of this fund authorized on an equal basis shall be expended for the purchase of advertising space and made available to the daily, weekly, and monthly Negro publications."

I have just indicated that the Negro publications are about one-tenth of the total number of these weeklies and the like under discussion. Further, that the Negroes are one-tenth of the population in the country, and 1 Negro is drafted to each of the 9 white men in the Army. For that reason and in view of colored Americans paying withholding taxes and other taxes on an equal basis with other citizens, that we should benefit equally under this subsidy, if it is granted, I do not really feel there is any need to buy space particularly to sell War bonds among the Negro people, from a purely patriotic consideration.

If they got those other rights which I mentioned here before, especially, if the War Department and the Navy Department gave equal opportunities to Negroes, I think they would put up all the money they have in War bonds.

On page 3, at line 5, where a statement is made in parentheses, "including one such association representing principally daily newspapers and one representing principally weekly papers" I think it well to add the language, "and one representing principally Negro news-

papers," a nonprofit Negro association such as Negro National Press Association. Then on line 9, after the word "act," the language "provided that in completely safeguarding the freedom of the press" and "shall keep the War Finance campaign in all its phases free from discrimination on account of politics, religion, race, or color."

I think the Treasury Department will have almost unrestricted authority if this bill stands as it passed the Senate, and as proposed by Congressman Cannon's last edition of his bill.

Papers that are not sympathetic with some of the things that the Treasury might desire, such as another 10 percent withholding tax, or something of that character, they might not give them any advertising, would be for practically all of the weekly newspapers and a great many others, no doubt, if I read the signs of the times correctly.

I submit that there ought to be some limitation in this bill and very definite language to prescribe the rules and regulations by which this money shall be allocated and advertising space purchased in these respective newspapers. Great difficulties will be encountered finally in the division of half for this group and half for the other as has been indicated, here very clearly by the questions and information elicited by Congressman Cooper.

For that reason specifically we would like to have it earmarked all the way around with \$3,000,000 definitely for the Negro press if the committee appropriates \$30,000,000.

It will be a real headache trying to appropriate the funds so that everybody is treated fairly and results desired forthcoming.

I really believe the Secretary of the Treasury will be on the spot unless Congress and this committee specifically prescribe under what conditions he shall assign this money, and there certainly ought to be some basis such as circulation rather than on just this arbitrary idea of fair and equal distribution based on 50 percent here and 50 percent there.

I wish to thank you, Mr. Chairman and members of the committee. In principle I am generally opposed to any more unnecessary expenditures of any kind or character by the Federal Government.

Congress is right in my judgment in voting down subsidies. I do not believe the people want any more subsidies. They do not want any more taxes, and that is what subsidies mean. They want to win the war and quit all this boondoggling.

This committee should not open the door in this matter, but if they do open it, we are like everybody else. We are paying taxes and we want to reach in and receive our hand-out with the others on an equal basis.

Mr. EBERHARTER. Mr. Chairman.

The CHAIRMAN. Mr. Eberharter.

Mr. EBERHARTER. I take it, Dr. Brown, your association does not favor the bill in principle, this particular bill in principle—

Mr. BROWN. We are not supporting subsidies.

Mr. EBERHARTER. Because you deem it to be a subsidy.

Mr. BROWN. My thought is to look out for the interests and welfare of all the people, including these four or five million who are disfranchised and inarticulate for whom I wish to speak from time to time. They do not want to have anybody get anything that they do not get as American citizens. I thank the chairman and the committee for their consideration.

The CHAIRMAN. The Chairman would like to offer for the record a number of telegrams received, some for and some against the pending bill, and also some letters.

I ask unanimous consent that they may be included as part of the record.

I also have a copy of a letter here addressed by Secretary Morgenthau to Mr. Byrd, chairman of the Economy Committee. It has been sent to me, I suppose, for the benefit of the committee, so I offer that letter, without objection, to be inserted in the record as part of the hearing.

(The letters and telegrams referred to are as follows:)

DECEMBER 2, 1943.

Senator HARRY F. BYRD,
United States Senate, Washington, D. C.

MY DEAR SENATOR: On November 14, 1941, I made to the Joint Committee on Reduction of Nonessential Federal Expenditures, of which I am a member, a number of recommendations for reducing nonessential Government costs. Most of these recommendations were taken, and resulting savings are noted in your recent report.

I should like now to call the attention of the committee to another potential waste of Government funds which, in my estimation, should be stopped in its tracks. I refer to the \$15,000,000 subsidy to certain small newspapers, recently voted by the Senate in the Bankhead bill. A companion bill, now in the House, calls for a similar subsidy of \$30,000,000.

At this time, when your committee and most of the rest of us are seeking ways of curtailing nonessential Government spending, I think this proposal to distribute a sizable amount of the taxpayers' money in such a way that it will not contribute to winning the war, or to any legitimate requirement of our economy, is inexcusable.

Ostensibly, this proposal was made in an effort to help sell War bonds. I should like to have it on the record that it will not help sell War bonds, and as a matter of fact, it is likely to prove an almost insurmountable hurdle to the continued promotion of War bonds.

As you know, we now depend upon cooperation by advertisers, publications, radio, and the advertising industry generally, to provide, without cost to the Treasury, the huge amount of advertising space and the time required to reach and convince 130,000,000 people. By this means we are amply reaching all the important markets that would be available through this subsidy. The added impact, if there is any, would be of doubtful value.

So far, our cooperative plan has worked very successfully. Had the Treasury paid for the advertising used during the 3 weeks of the Third War Loan, it would have cost \$30,000,000. This includes the value of only those advertisements, radio programs, or billboards given over to War bond promotion; it does not take into account the innumerable "reminders" in advertisements for products.

But we cannot continue this method if we pay some of those cooperating, and leave the others in status quo. Either we must pay all or none. And it certainly seems wasteful to pay any of them as long as the vast majority are willing to continue supporting bond drives on a patriotic basis.

At the Senate hearings on this bill, it was indicated that firms advertising bonds can, as a result, take certain credits on their tax liabilities which are not otherwise available. This is untrue. Under present regulations, a firm is permitted to regard a reasonable amount of advertising, if this has been its custom in the past, as legitimate business expense. Advertising used to promote War bonds represents conversion of publications or billboard space, or radio time, which the advertiser would use otherwise to promote his products or to keep his trade name alive during the war. It cannot be said, therefore, that the Treasury is paying for bond advertising even indirectly.

I think it might be wise for your committee to lend its weight now in stopping this proposal from becoming law, rather than waiting until it has become law, and then attempting to curtail the funds involved. Judging by any standards, the money involved in this useless and dangerous subsidy represents non-essential spending.

Sincerely,

93383-44-13

HENRY MORGENTHAU, JR.

AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION,
New York, N. Y., November 30, 1943.

Hon. ROBERT L. DOUGHTON,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN DOUGHTON: Announcement has been made that hearings are to be held beginning December 3 on the Government advertising bill pending before your committee. I assume the hearings will cover the bill, S. 1457, passed by the Senate on November 17 as well as the bill, H. R. 3693, introduced in the House recently by Representative Cannon of Missouri.

Both of these bills call for the expenditure of Government funds in the form of advertising in certain newspapers regardless of markets and other factors that normally control decisions in buying advertising.

The board of directors of the American Newspaper Publishers Association has given consideration to this subject and our position was made plain in the address of the president of the association to the annual convention last April, the president at that time being Walter M. Dear, copublisher of the Jersey City (N. J.) Jersey Journal. There was no dissent voiced on the floor of the convention to the statement by Mr. Dear and none has come from our membership since then. I quote the remarks of Mr. Dear made on April 28, a few days prior to the introduction of bill S. 1073:

"By resolution last year, the American Newspaper Publishers Association went on record as opposed to intimidation or undue pressure to switch, split, or extend an advertising schedule when the set-up of a marketing campaign had been completed. Recent disregard of this resolution has resulted adversely to the newspapers, both in commercial and governmental advertising. In the case of the limited Treasury advertising campaign for sale of bonds last December the hue and cry, not only from radio stations, but also from newspapers not on the list, resulted in the abandonment of a repetition or expansion of a newspaper advertising campaign for the Second War Loan drive now current.

"Another phase of this problem has developed through the announcement of a bill to be introduced in the Congress. Briefly, it is proposed that an appropriation of twenty-five to thirty million dollars shall be voted by Congress for advertising in newspapers of Treasury bond sales, the appropriation to be equally divided between daily and weekly newspapers. This provision smacks of subsidy.

"Some newspaper groups have publicly acclaimed approval of the idea and through overenthusiasm or because of economic pressure have expressed advocacy on the ground that such expenditure, particularly in the case of the small newspapers, would serve as a stopgap for the economic depression which endangers the continuation of such publications. While we have the deepest sympathy for any of our fellow publishers who may find the going difficult, and realize the value and importance of the weekly press, we cannot subscribe to the wisdom of accepting a subsidy. Such a program would prove disastrous. Under such circumstances, no longer could the American newspaper maintain its claim of a free and independent press.

"We readily admit, that the basic principle of advertising is just as applicable and will be equally as effective for the Government as experience has proven it to be. However, Government advertising must be safeguarded from political influence and directed by independent advertising experts who have demonstrated their ability and the confidence in which they are held by the newspapers. This confidence has been built up by the honorable and businesslike handling of the trust imposed in the expenditure of private funds. There would be no reason to believe that these gentlemen would be any less scrupulous in the proper handling of Government moneys.

"This may sound Utopian but in our judgment it is the only fundamentally sound basis on which Government advertising can operate. Apparently before such an advertising campaign can be undertaken with any degree of dignity and general acceptance, newspapers must learn to regard Government advertising as falling in the same category as a commercial advertising campaign by adhering to the resolution adopted last year. Unfortunately, such a realistic approach does not seem imminent."

After the announcement that hearings would be held soon on this legislation, the matter was again considered by the board of directors of the American Newspaper Publishers Association and we reaffirm our attitude as expressed in the above-quoted remarks of Mr. Dear.

Please present this letter to the committee during the hearings and have it incorporated in the printed hearings.

Sincerely yours,

LINWOOD I. NOYES, President.

THOMASVILLE, N. C., November 27, 1943.
Chairman, Ways and Means Committee, Washington, D. C.

Re hearings on Treasury advertising bill.

SIMS: In addition to bond advertising, the press is furnished Government-prepared advertising for salvage drives, pulpwood campaigns and other war-emergency projects.

We have found a definite feeling among many businessmen if they buy all bonds they can afford and meet all taxes, they cannot afford to assume additional expenses of paying the costs of "sponsoring" all these ads.

If bond advertising costs are assumed by the Treasury, advertising costs of these other projects, which are equally important in wartime, would be more readily undertaken by businessmen.

Very truly yours,

NEWS-TIMES PUBLISHING CO., INC.,
R. W. GREENE.

KINSTON DAILY FREE PRESS,
Kinston, N. C., November 29, 1943.
*Chairman, House Ways and Means Committee,
House of Representatives, Washington, D. C.*

Re: Bankhead-Cannon bill.

DEAR MR. DOUGHTON: I am writing to register my opinion that the Bankhead-Cannon bill purporting to buy a certain amount of advertising space with the newspapers of this country in behalf of bond sales is primarily an attempt to subsidize the papers and carries with it the danger of a threat to freedom of the press.

As the bill passed the Senate, limiting the expenditure to communities of not more than 10,000 population, we would not be affected. I understand Mr. Cannon's bill, H. R. 3693, now before your committee, restores the appropriation to a minimum of \$25,000,000 and a maximum of \$30,000,000 and makes no limitation of population. Candidly, I believe practically all of the leading newspapers, dailies at least, in this country are opposed to the bill in any form.

With best wishes, I am

Yours sincerely,

H. GALT BRAXTON, Editor.

NEW YORK, N. Y., December 2, 1943.
*Chairman, Ways and Means Committee,
Washington, D. C.:*

Strongly condemn newspaper subsidy bill which we believe threatens freedom of the press.

THE AMERICAN DEFENSE SOCIETY,
LESLIE J. TOMPKINS, Acting Chairman.

Congressman R. L. DOUGHTON.

On behalf of members of Midwestern Press Association representing 26 Piedmont and western North Carolina small-town newspapers, I urge your support of Bankhead-Cannon bill. Kindest regards.

O. C. MCQUAGE, President.

Hon. R. L. DOUGHTON,
House of Representatives:

Urge your support of Cannon bill providing paid bond advertising. The weekly newspapers in this area are solidly behind this measure. Thanks.

WATAUGA DEMOCRAT,
R. C. RIVERS.

BOONE, N. C., December 4, 1943.

MOORESVILLE, N. C., December 4, 1943.

Hon. R. L. DOUGHTON,
Hall of Congress:

Favorable support of the Cannon bill will be greatly appreciated.

MOORESVILLE, N. C., ENTERPRISE,
H. P. DEATON.

ELKIN, N. C., December 3, 1943.

Hon. R. L. DOUGHTON,
Chairman, House Ways and Means Committee:

Newspapers of this section vitally interested in passage of Bankhead-Cannon bond advertising bill. Regards.

THE ELKIN TRIBUNE,
H. F. LAFFOON, Publisher.

Mr. COOPER. Mr. Chairman.

The CHAIRMAN. Mr. Cooper.

Mr. COOPER. Mr. Chairman, I move the committee adjourn subject to call of the Chair. I understand this closes the hearing.

The CHAIRMAN. Yes. This will close the public hearings and we thank you all, those of you who have appeared, for your appearance and for the helpful information you have given the committee.

(The committee thereupon adjourned subject to the call of the Chair.)

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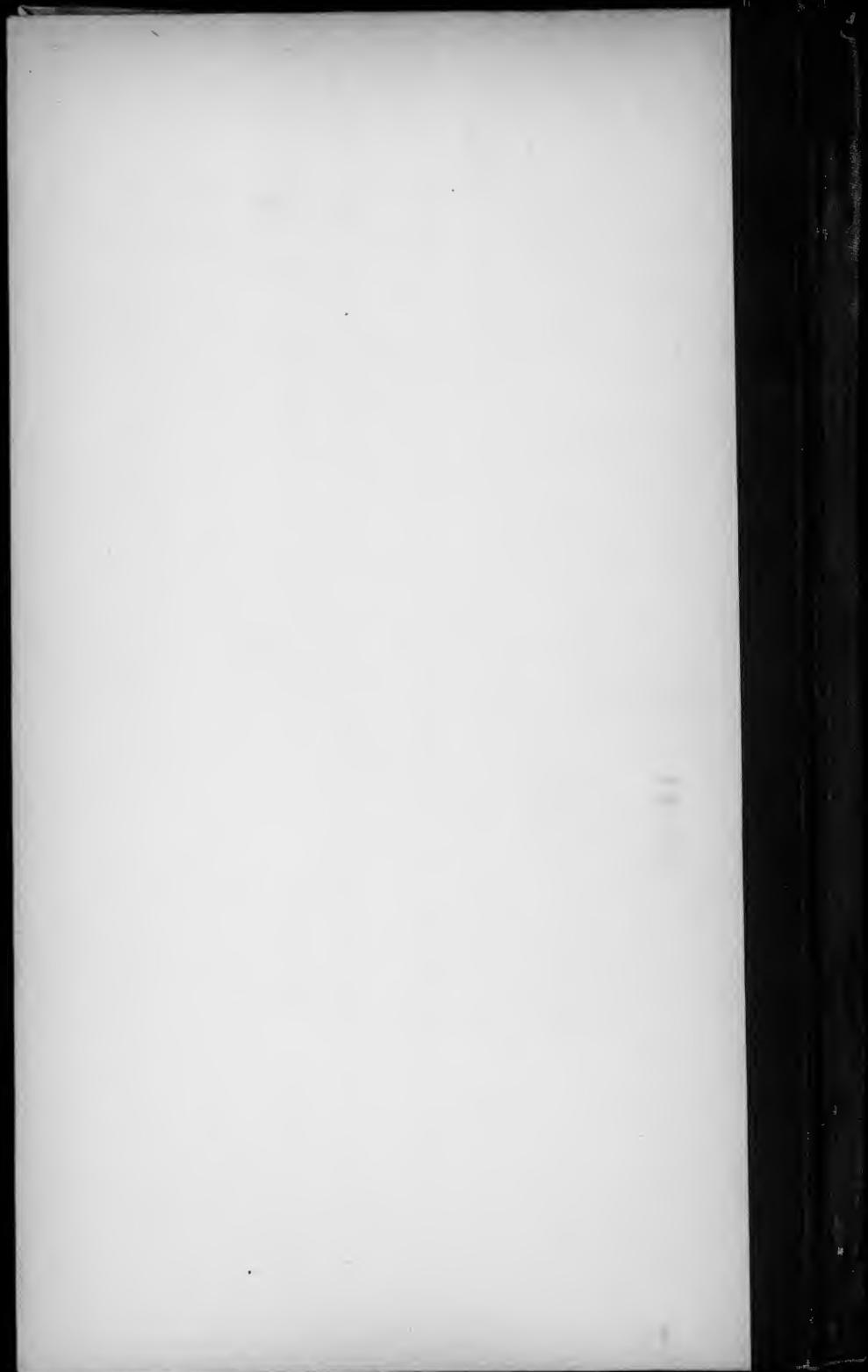
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